

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED
INTERIM FINANCIAL STATEMENTS AND
REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH,
SEE NOTE I. OF SECTION THREE**

TÜRK EKONOMİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
TOGETHER WITH AUDITOR'S REVIEW REPORT
FOR THE PERIOD FROM 1 JANUARY TO
30 JUNE 2018**

AUDITOR’S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor’s review report originally issued in Turkish, See Note I of Section Three)

To the General Assembly of Türk Ekonomi Bankası A.Ş.;

Introduction

We have reviewed the unconsolidated balance sheet of Türk Ekonomi Bankası A.Ş. (“the Bank”) at 30 June 2018 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the financial position of Türk Ekonomi Bankası A.Ş. at 30 June 2018 and the results of its operations and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in section seven, is not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in section three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner

Istanbul, 1 August 2018

**Convenience Translation of
Publicly Announced Unconsolidated Interim Financial Statements and Review Report
Originally Issued in Turkish, See in Note I. of Section Three**

**UNCONSOLIDATED INTERIM FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

Address : Saray Mahallesi Sokullu Caddesi No: 7/A – 7/B
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The unconsolidated interim financial report for the six-month period, prepared in accordance with “Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced” as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below:

- General Information about the Bank
- Unconsolidated Interim Financial Statements of the Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information on Financial Structure and Risk Management of the Bank
- Disclosures and Footnotes on Unconsolidated Interim Financial Statements
- Auditor’s Review Report
- Interim Activity Report

The accompanying unconsolidated interim financial statements for the six-month period, related disclosures and footnotes which have been reviewed and presented in this report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidances, and incompliance with the financial records of our Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Yavuz Canevi Chairman of the Board of Directors	Jacques Roger Jean Marie Rinino Chairman of the Audit Committee	Ayşe Aşardağ Vice Chairman of the Audit Committee	Ümit Leblebici General Manager	M. Aşkın Dolaştır Assistant General Manager Responsible of Financial Reporting	Gökhan Kazcılar Director Responsible of Financial Reporting
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Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title : Aslıhan Kaya / External Reporting Senior Manager
Telephone Number : (0216) 635 24 51
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TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION ONE

GENERAL INFORMATION

I. History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009 BNP Paribas Group successively acquired 75% of Fortis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group has agreed on the merger of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merge of two banks has been performed. The process regarding the procedure has been summarized below. As a result of the merger of TEB Holding, TEB has a majority stake of 55% and on the other hand Çolakoğlu Group and BNP Paribas have the share of 50%.

II. Explanation on the Bank’s Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in these Matters (if any), and the Group the Bank Belongs to

As of 30 June 2018 and 31 December 2017 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	30 June 2018		31 December 2017	
	Paid in Capital	%	Paid in Capital	%
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Chamber of Commerce	501	0.02	501	0.02
	2,204,390	100.00	2,204,390	100.00

As of 30 June 2018, the Bank’s paid-in-capital consists of 2,204,390,000 shares of TL1 (full TL) nominal each.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF
SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess

<u>Name</u>	<u>Title</u>	<u>Education</u>
Board of Directors;		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr.Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
François Andre Jesualdo Benaroya	Member of the Board of Directors	University
Yvan L.A.M De Cock	Member of the Board of Directors and Audit Committee	University
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Alain Georges Auguste Fonteneau	Member of the Board of Directors	Master
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Jacques Roger Jean Marie Rinino	Member of the Board of Directors and Chairman of the Audit Committee	University
Ümit Leblebici	General Manager and the Executive Director	Master
Assistant General Managers;		
Turgut Böz	Senior Assistant General Manager Responsible from SME Banking Group and Deputy Chairman of General Manager	University
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Dr.Nilsen Altıntaş	Assistant General Manager Responsible from Human Resources Group	PhD
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	Master
Mehmet Ali Cer	Assistant General Manager Responsible from Information Technologies	Master
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Kubilay Güler	Assistant General Manager Responsible from Banking Operations and Support Services	University
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
Dr.Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Nuri Tuncalı	Assistant General Manager Responsible from SME Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Group Heads (*);		
Nimet Elif Akpınar	Head of Group Risk Management	University
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
Inspection Committee (*);		
Hakan Tıraşın	Internal Audit Group	University

(*) Group Heads and Chairman of the Inspection Committee are in Assistant General Manager status.

There are no Bank shares owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. Information on the Bank’s Qualified Shareholders

Name / Commercial Name	Share Amount	Share Ratio	Paid-up Shares	Unpaid Shares
TEB Holding A.Ş.	1,212,415	55.00%	1,212,415	-
BNPP Yatırımlar Holding A.Ş.	518,342	23.51%	518,342	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23%	467,879	-

TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas, Fortis Yatırımlar Holding A.Ş., while the remaining 50% is controlled by Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by Fortis Bank SA/NV whose shareholders are BNP Paribas Fortis NV/SA by 100% shares, respectively. 100% of the shares of BNPP Yatırımlar Holding are controlled by BNP Paribas SA.

V. Summary on the Bank’s Functions and Lines of Activity

The Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 30 June 2018, the Bank has 500 local branches and 4 foreign branches (31 December 2017: 500 local branches, 4 foreign branches). As of 30 June 2018, the number of employees of the Bank is 9,605 (31 December 2017: 9,464).

VI. Differences between the Communiqué on Preparation of Financial Statements of Banks and Turkish Accounting Standards and Short Explanation about the Entities Subject to Full Consolidation or Proportional Consolidation and Entities which are Deducted from Equity or Entities which are not Included in these Three Methods

There is no difference for the Bank between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements of Banks in Turkey.

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., it is presented as joint venture in financial statements however, and it is carried by cost value since necessary requirements for consolidation is not met.

VII. Current or Likely, Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between Bank and its Subsidiaries

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Items
- III. Statement of Profit or loss
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2018
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS		Section 5 Note	Reviewed Current Period 30.06.2018		Total
			TL	FC	
I.	FINANCIAL ASSETS (Net)		13,154,848	15,390,524	28,545,372
1.1	Cash and Cash Equivalents		3,624,247	14,713,346	18,337,593
1.1.1	Cash and Balances with Central Bank	(I-1)	1,386,110	12,007,518	13,393,628
1.1.2	Banks	(I-4)	1,750,044	2,705,828	4,455,872
1.1.3	Money Market Placements		488,093	-	488,093
1.2	Financial Assets at Fair Value Through Profit and Loss		705,273	261,557	966,830
1.2.1	Government Debt Securities	(I-2)	667,956	215,723	883,679
1.2.2	Equity Securities		35,942	45,834	81,776
1.2.3	Other Financial Assets		1,375	-	1,375
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(I-5)	3,246,552	279,418	3,525,970
1.3.1	Government Debt Securities		3,240,942	279,418	3,520,360
1.3.2	Equity Securities		5,610	-	5,610
1.3.3	Other Financial Assets		-	-	-
1.4	Financial Assets Measured at Amortized Cost	(I-7)	2,689,844	-	2,689,844
1.4.1	Government Debt Securities		2,689,844	-	2,689,844
1.4.2	Other Financial Assets		-	-	-
1.5	Derivative Financial Assets		2,906,308	136,203	3,042,511
1.5.1	Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	2,342,912	135,800	2,478,712
1.5.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	563,396	403	563,799
1.6	Non-performing Financial Assets		-	-	-
1.7	Allowance for Expected Credit Losses (-)		17,376	-	17,376
II.	LOANS (Net)	(I-6)	54,244,919	15,504,114	69,749,033
2.1	Loans		54,506,318	15,499,359	70,005,677
2.1.1	Loans Measured at Amortised Cost		54,506,318	15,499,359	70,005,677
2.1.2	Loans at Fair Value Through Profit and Loss		-	-	-
2.1.3	Loans at Fair Value Through Other Comprehensive Income		-	-	-
2.2	Lease Receivables	(I-11)	-	-	-
2.2.1	Finance Lease Receivables		-	-	-
2.2.2	Operational Lease Receivables		-	-	-
2.2.3	Unearned Income (-)		-	-	-
2.3	Factoring Receivables		-	-	-
2.3.1	Factoring Receivables Measured at Amortised Cost		-	-	-
2.3.2	Factoring Receivables at Fair Value Through Profit and Loss		-	-	-
2.3.3	Factoring Receivables at Fair Value Through Other Comprehensive Income		-	-	-
2.4	Non-performing Loans		2,075,897	16,353	2,092,250
2.5	Allowance for Expected Credit Losses (-)		2,337,296	11,598	2,348,894
2.5.1	12-Month Expected Credit Losses (Stage 1)		321,831	-	321,831
2.5.2	Significant Increase in Credit Risk (Stage 2)		669,507	-	669,507
2.5.3	Credit-Impaired (Stage 3)		1,345,958	11,598	1,357,556
III.	NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(I-14)	126,004	-	126,004
3.1	Held For Sale		126,004	-	126,004
3.2	Held from Discontinued Operations		-	-	-
IV.	INVESTMENTS		115,991	-	115,991
4.1	Investments in Associates (Net)	(I-8)	-	-	-
4.1.1	Associates Accounted with Equity Method		-	-	-
4.1.2	Unconsolidated Associates		-	-	-
4.2	Investments in Subsidiaries (Net)	(I-9)	115,986	-	115,986
4.2.1	Unconsolidated Financial Subsidiaries		115,986	-	115,986
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-
4.3	Joint Ventures (Net)	(I-10)	5	-	5
4.3.1	Joint Ventures Accounted with Equity Method		5	-	5
4.3.2	Unconsolidated Joint Ventures		-	-	-
V.	TANGIBLE ASSETS (Net)		244,648	-	244,648
VI.	INTANGIBLE ASSETS(Net)		517,994	-	517,994
6.1	Goodwill		421,124	-	421,124
6.2	Other		96,870	-	96,870
VII.	INVESTMENT PROPERTIES(Net)	(I-13)	-	-	-
VIII.	CURRENT TAX ASSET		273	-	273
IX.	DEFERRED TAX ASSET		131,376	-	131,376
X.	OTHER ASSETS		1,045,353	221,854	1,267,207
TOTAL ASSETS			69,581,406	31,116,492	100,697,898

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2017
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. BALANCE SHEET - ASSETS (STATEMENT OF FINANCIAL POSITION)

		Section 5	Audited		
		Note	TL	FC	Total
					Prior Period 31.12.2017
I.	CASH AND BALANCES WITH CENTRAL BANK	(I-1)	1,429,476	9,546,296	10,975,772
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)		1,214,439	191,765	1,406,204
2.1	Financial Assets Held for Trading		1,214,439	191,765	1,406,204
2.1.1	Government Debt Securities	(I-2)	346,092	114,868	460,960
2.1.2	Equity Securities		-	-	-
2.1.3	Derivative Financial Assets Held for Trading	(I-3)	868,347	76,897	945,244
2.1.4	Other Marketable Securities		-	-	-
2.2	Financial Assets at Fair Value Through Profit and Loss		-	-	-
2.2.1	Government Debt Securities		-	-	-
2.2.2	Equity Securities		-	-	-
2.2.3	Loans		-	-	-
2.2.4	Other Marketable Securities		-	-	-
III.	BANKS	(I-4)	669,288	1,844,049	2,513,337
IV.	MONEY MARKET PLACEMENTS		-	-	-
4.1	Interbank Money Market Placements		-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(I-5)	4,630,660	64,804	4,695,464
5.1	Equity Securities		24,598	32,696	57,294
5.2	Government Debt Securities		4,606,062	32,108	4,638,170
5.3	Other Marketable Securities		-	-	-
VI.	LOANS AND RECEIVABLES	(I-6)	51,072,386	12,218,391	63,290,777
6.1	Loans and Receivables		50,368,572	12,218,391	62,586,963
6.1.1	Loans to Risk Group of the Bank		187,843	56,681	244,524
6.1.2	Government Debt Securities		-	-	-
6.1.3	Other		50,180,729	12,161,710	62,342,439
6.2	Loans under Follow-up		1,946,625	-	1,946,625
6.3	Specific Provisions (-)		1,242,811	-	1,242,811
VII.	FACTORING RECEIVABLES		-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(I-7)	401,854	-	401,854
8.1	Government Debt Securities		401,854	-	401,854
8.2	Other Marketable Securities		-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(I-8)	-	-	-
9.1	Accounted with Equity Method		-	-	-
9.2	Unconsolidated Associates		-	-	-
9.2.1	Financial Investments		-	-	-
9.2.2	Non-Financial Investments		-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(I-9)	115,986	-	115,986
10.1	Unconsolidated Financial Subsidiaries		115,986	-	115,986
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-
XI.	JOINT VENTURES (Net)	(I-10)	5	-	5
11.1	Accounted with Equity Method		-	-	-
11.2	Unconsolidated Joint Ventures		5	-	5
11.2.1	Financial Joint Ventures		-	-	-
11.2.2	Non-Financial Joint Ventures		5	-	5
XII.	FINANCIAL LEASE RECEIVABLES	(I-11)	-	-	-
12.1	Financial Lease Receivables		-	-	-
12.2	Operating Lease Receivables		-	-	-
12.3	Others		-	-	-
12.4	Unearned Income (-)		-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(I-12)	85,940	1,335	87,275
13.1	Fair Value Hedge		4,454	-	4,454
13.2	Cash Flow Hedge		81,486	1,335	82,821
13.3	Foreign Net Investment Hedge		-	-	-
XIV.	TANGIBLE ASSETS (Net)		271,622	-	271,622
XV.	INTANGIBLE ASSETS (Net)		519,770	-	519,770
15.1	Goodwill		421,124	-	421,124
15.2	Other		98,646	-	98,646
XVI.	INVESTMENT PROPERTIES (Net)	(I-13)	-	-	-
XVII.	TAX ASSET		69,744	-	69,744
17.1	Current Tax Asset		649	-	649
17.2	Deferred Tax Asset		69,095	-	69,095
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		90,677	-	90,677
18.1	Held for Sale Purpose		90,677	-	90,677
18.2	Related to Discontinued Operations		-	-	-
XIX.	OTHER ASSETS	(I-14)	908,599	411,143	1,319,742
TOTAL ASSETS			61,480,446	24,277,783	85,758,229

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2018
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES		Section 5 Note	Reviewed Current Period 30.06.2018		
			TL	FC	Total
I.	DEPOSITS	(II-1)	39,736,919	26,055,510	65,792,429
II.	FUNDS BORROWED	(II-3)	206,946	14,523,150	14,730,096
III.	MONEY MARKET FUNDS		79,778	-	79,778
IV.	SECURITIES ISSUED (Net)	(II-3)	1,957,288	26,710	1,983,998
4.1	Bills		1,957,288	26,710	1,983,998
4.2	Asset Backed Securities		-	-	-
4.3	Bonds		-	-	-
V.	FUNDS		-	-	-
5.1	Borrower Funds		-	-	-
5.2	Other		-	-	-
VI.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		2,191,154	77,769	2,268,923
7.1	Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	2,158,608	75,749	2,234,357
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	32,546	2,020	34,566
VIII.	FACTORING PAYABLES		-	-	-
IX.	LEASE PAYABLES	(II-5)	-	-	-
9.1	Finance Lease Payables		-	-	-
9.2	Operational Lease Payables		-	-	-
9.3	Other		-	-	-
9.4	Deferred Financial Lease Expenses (-)		-	-	-
X.	PROVISIONS	(II-7)	458,699	27,771	486,470
10.1	Restructuring Provisions		-	-	-
10.2	Reserve for Employee Benefits		228,187	23,379	251,566
10.3	Insurance Technical Provisions (Net)		-	-	-
10.4	Other Provisions		230,512	4,392	234,904
XI.	CURRENT TAX LIABILITIES	(II-8)	266,445	-	266,445
XII.	DEFERRED TAX LIABILITIES		-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)		-	-	-
13.1	Held For Sale		-	-	-
13.2	Held From Discontinued Operations		-	-	-
XIV.	SUBORDINATED LOANS		-	2,437,531	2,437,531
14.1	Loans		-	2,437,531	2,437,531
14.2	Other Debt Instruments		-	-	-
XV.	OTHER LIABILITIES		2,038,127	1,007,905	3,046,032
XVI.	SHAREHOLDERS’ EQUITY	(II-9)	9,616,690	(10,494)	9,606,196
16.1	Paid-in Capital		2,204,390	-	2,204,390
16.2	Capital reserves		486,644	-	486,644
16.2.1	Share Premiums		2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Other Capital Reserves		484,079	-	484,079
16.3	Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		325,918	-	325,918
16.4	Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		265,561	(10,494)	255,067
16.5	Profit Reserves		5,601,476	-	5,601,476
16.5.1	Legal Reserves		348,483	-	348,483
16.5.2	Status Reserves		-	-	-
16.5.3	Extraordinary Reserves		5,143,756	-	5,143,756
16.5.4	Other Profit Reserves		109,237	-	109,237
16.6	Profit or Loss		732,701	-	732,701
16.6.1	Prior Periods’ Profit / Loss		9,497	-	9,497
16.6.2	Current Periods’ Profit / Loss		723,204	-	723,204
16.7	Minority Interest		-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY			56,552,046	44,145,852	100,697,898

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2017
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. BALANCE SHEET - LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

		Section 5 Note	Audited Prior Period 31.12.2017		Total
			TL	FC	
I.	DEPOSITS	(II-1)	33,335,127	22,241,589	55,576,716
1.1	Deposits from Risk Group of the Bank		563,313	1,760,695	2,324,008
1.2	Other		32,771,814	20,480,894	53,252,708
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(II-2)	874,807	83,270	958,077
III.	FUNDS BORROWED	(II-3)	176,925	12,590,087	12,767,012
IV.	MONEY MARKET FUNDS		105,206	-	105,206
4.1	Interbank Money Market Payables		-	-	-
4.2	Istanbul Stock Exchange Money Market Payables		-	-	-
4.3	Funds Provided Under Repurchase Agreements		105,206	-	105,206
V.	SECURITIES ISSUED (Net)	(II-3)	1,289,688	-	1,289,688
5.1	Bills		1,289,688	-	1,289,688
5.2	Asset Backed Securities		-	-	-
5.3	Bonds		-	-	-
VI.	FUNDS		-	-	-
6.1	Borrower Funds		-	-	-
6.2	Other		-	-	-
VII.	MISCELLANEOUS PAYABLES		1,282,734	156,951	1,439,685
VIII.	OTHER EXTERNAL FUNDINGS PAYABLE	(II-4)	594,901	4,136	599,037
IX.	FACTORING PAYABLES		-	-	-
X.	FINANCIAL LEASE PAYABLES	(II-5)	-	-	-
10.1	Financial Lease Payables		-	-	-
10.2	Operating Lease Payables		-	-	-
10.3	Other		-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(II-6)	443,017	314	443,331
11.1	Fair Value Hedge		9,517	-	9,517
11.2	Cash Flow Hedge		433,500	314	433,814
11.3	Foreign Net Investment Hedge		-	-	-
XII.	PROVISIONS	(II-7)	984,536	31,237	1,015,773
12.1	General Loan Loss Provisions		576,339	-	576,339
12.2	Restructuring Provisions		-	-	-
12.3	Reserve for Employee Benefits		238,284	16,356	254,640
12.4	Insurance Technical Provisions (Net)		-	-	-
12.5	Other Provisions		169,913	14,881	184,794
XIII.	TAX LIABILITY	(II-8)	229,944	-	229,944
13.1	Current Tax Liability		229,944	-	229,944
13.2	Deferred Tax Liability		-	-	-
XIV.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-
14.1	Held for Sale		-	-	-
14.2	Related to Discontinued Operations		-	-	-
XV.	SUBORDINATED LOANS		-	2,314,083	2,314,083
XVI.	SHAREHOLDERS' EQUITY	(II-9)	9,009,504	10,173	9,019,677
16.1	Paid-in Capital		2,204,390	-	2,204,390
16.2	Capital Reserves		1,094,141	10,173	1,104,314
16.2.1	Share Premium		2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Marketable Securities Valuation Differences		(41,282)	9,733	(31,549)
16.2.4	Revaluation Surplus on Tangible Assets		266,122	-	266,122
16.2.5	Revaluation Surplus on Intangible Assets		-	-	-
16.2.6	Revaluation Surplus on Investment Property		-	-	-
16.2.7	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		527	-	527
16.2.8	Hedging Funds (Effective Portion)		136,153	440	136,593
16.2.9	Revaluation Surplus on Assets Held for Sale and Assets of Discontinued Operations		-	-	-
16.2.10	Other Capital Reserves		730,056	-	730,056
16.3	Profit Reserves		4,632,637	-	4,632,637
16.3.1	Legal Reserves		295,041	-	295,041
16.3.2	Status Reserves		-	-	-
16.3.3	Extraordinary Reserves		4,292,924	-	4,292,924
16.3.4	Other Profit Reserves		44,672	-	44,672
16.4	Profit or Loss		1,078,336	-	1,078,336
16.4.1	Prior Periods Profit / Loss		9,497	-	9,497
16.4.2	Current Period Profit / Loss		1,068,839	-	1,068,839
16.5	Minority Interest		-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			48,326,389	37,431,840	85,758,229

The accompanying notes are an integral part of these unconsolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM STATEMENT OF OFF-BALANCE SHEET ITEMS
AT 30 JUNE 2018**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Section 5 Note	Reviewed Current Period 30.06.2018		Total
		TL	FC	
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		95,367,946	102,305,130	197,673,076
I. GUARANTEES	(III-I)	9,767,946	12,680,477	22,448,423
1.1 Letters of Guarantee		7,181,888	6,715,365	13,897,253
1.1.1 Guarantees Subject to State Tender Law		187,378	85,781	273,159
1.1.2 Guarantees Given for Foreign Trade Operations		402,674	431,596	834,270
1.1.3 Other Letters of Guarantee		6,591,836	6,197,988	12,789,824
1.2 Bank Acceptances		-	34,701	34,701
1.2.1 Import Letter of Acceptance		-	34,701	34,701
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		-	2,937,235	2,937,235
1.3.1 Documentary Letters of Credit		-	1,541,655	1,541,655
1.3.2 Other Letters of Credit		-	1,395,580	1,395,580
1.4 Prefinancing Given as Guarantee		-	-	-
1.5 Endorsements		-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-
1.5.2 Other Endorsements		-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-
1.7 Factoring Guarantees		-	-	-
1.8 Other Guarantees		2,582,676	2,225,571	4,808,247
1.9 Other Collaterals		3,382	767,605	770,987
II. COMMITMENTS	(III-I)	15,703,402	5,341,424	21,044,826
2.1 Irrevocable Commitments		15,703,402	5,341,424	21,044,826
2.1.1 Asset Purchase and Sale Commitments		1,986,453	4,755,787	6,742,240
2.1.2 Deposit Purchase and Sale Commitments		-	-	-
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.4 Loan Granting Commitments		4,629,191	140,753	4,769,944
2.1.5 Securities Issuance Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		2,789,831	-	2,789,831
2.1.8 Tax and Fund Liabilities from Export Commitments		79,254	-	79,254
2.1.9 Commitments for Credit Card Limits		6,192,490	-	6,192,490
2.1.10 Commitments for Credit Cards and Banking Services Promotions		4,294	-	4,294
2.1.11 Receivables from Short Sale Commitments on Securities		-	-	-
2.1.12 Payables for Short Sale Commitments on Securities		-	-	-
2.1.13 Other Irrevocable Commitments		21,889	444,884	466,773
2.2 Revocable Commitments		-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-
2.2.2 Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		69,896,598	84,283,229	154,179,827
3.1 Derivative Financial Instruments for Hedging Purposes		14,857,815	5,704,160	20,561,975
3.1.1 Fair Value Hedge		-	-	-
3.1.2 Cash Flow Hedge		14,857,815	5,704,160	20,561,975
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Held for Trading Transactions		55,038,783	78,579,069	133,617,852
3.2.1 Forward Foreign Currency Buy/Sell Transactions		12,835,622	15,192,422	28,028,044
3.2.1.1 Forward Foreign Currency Transactions-Buy		2,483,991	11,509,363	13,993,354
3.2.1.2 Forward Foreign Currency Transactions-Sell		10,351,631	3,683,059	14,034,690
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		33,336,376	48,052,120	81,388,496
3.2.2.1 Foreign Currency Swap-Buy		15,677,916	23,832,168	39,510,084
3.2.2.2 Foreign Currency Swap-Sell		17,658,460	21,455,388	39,113,848
3.2.2.3 Interest Rate Swaps-buy		-	1,382,282	1,382,282
3.2.2.4 Interest Rate Swaps-Sell		-	1,382,282	1,382,282
3.2.3 Foreign Currency, Interest Rate and Securities Options		8,857,448	11,940,910	20,798,358
3.2.3.1 Foreign Currency Options-Buy		4,913,879	5,539,508	10,453,387
3.2.3.2 Foreign Currency Options-Sell		3,943,569	6,401,402	10,344,971
3.2.3.3 Interest Rate Options-Buy		-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-
3.2.3.5 Securities Options-Buy		-	-	-
3.2.3.6 Securities Options-Sell		-	-	-
3.2.4 Foreign Currency Futures		-	1,679,638	1,679,638
3.2.4.1 Foreign Currency Futures-Buy		-	142,232	142,232
3.2.4.2 Foreign Currency Futures-Sell		-	1,537,406	1,537,406
3.2.5 Interest Rate Futures		-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-
3.2.5.2 Interest rate Futures-Sell		-	-	-
3.2.6 Other		9,337	1,713,979	1,723,316
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		171,618,171	35,487,436	207,105,607
IV. ITEMS HELD IN CUSTODY		25,864,748	2,409,363	28,274,111
4.1 Assets Under Management		-	-	-
4.2 Investment Securities Held In Custody		11,083,142	966,686	12,049,828
4.3 Cheques Received for Collection		12,639,283	925,587	13,564,870
4.4 Commercial Notes Received for Collection		502,861	186,468	689,329
4.5 Other assets Received for Collection		-	330,622	330,622
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items under Custody		1,639,462	-	1,639,462
4.8 Custodians		-	-	-
V. PLEDGED ITEMS		138,771,984	31,689,649	170,461,633
5.1 Marketable Securities		713,106	60,729	773,835
5.2 Guarantee Notes		54,591,273	20,668,663	75,259,936
5.3 Commodity		20,260	417,204	437,464
5.4 Warranty		-	-	-
5.5 Immovables		74,699,199	5,986,131	80,685,330
5.6 Other Pledged Items		8,748,146	4,556,922	13,305,068
5.7 Pledged Items-Depository		-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		6,981,439	1,388,424	8,369,863
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		266,986,117	137,792,566	404,778,683

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AT 31 DECEMBER 2017

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Section 5 Note	Audited Prior Period 31.12.2017		TOTAL
		TL	FC	
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		83,268,709	73,708,197	156,976,906
I. GUARANTEES	(III-1)	8,792,233	11,790,149	20,582,382
1.1 Letters of Guarantee		6,874,187	6,165,093	13,039,280
1.1.1 Guarantees Subject to State Tender Law		148,296	80,708	229,004
1.1.2 Guarantees Given for Foreign Trade Operations		397,094	428,037	825,131
1.1.3 Other Letters of Guarantee		6,328,797	5,656,348	11,985,145
1.2 Bank Acceptances		34	42,282	42,316
1.2.1 Import Letter of Acceptance		34	42,282	42,316
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		16,215	2,380,353	2,396,568
1.3.1 Documentary Letters of Credit		16,215	1,071,808	1,088,023
1.3.2 Other Letters of Credit		-	1,308,545	1,308,545
1.4 Prefinancing Given as Guarantee		-	-	-
1.5 Endorsements		-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-
1.5.2 Other Endorsements		-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-
1.7 Factoring Guarantees		-	-	-
1.8 Other Guarantees		1,883,852	1,992,580	3,876,432
1.9 Other Collaterals		17,945	1,209,841	1,227,786
II. COMMITMENTS	(III-1)	14,788,485	5,189,789	19,978,274
2.1 Irrevocable Commitments		14,788,485	5,189,789	19,978,274
2.1.1 Asset Purchase and Sale Commitments		2,396,003	4,918,206	7,314,209
2.1.2 Deposit Purchase and Sale Commitments		-	-	-
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.4 Loan Granting Commitments		-	-	-
2.1.5 Securities Issuance Brokerage Commitments		4,526,858	104,211	4,631,069
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		2,387,642	-	2,387,642
2.1.8 Tax and Fund Liabilities from Export Commitments		31,047	-	31,047
2.1.9 Commitments for Credit Card Limits		5,411,646	-	5,411,646
2.1.10 Commitments for Credit Cards and Banking Services Promotions		3,723	-	3,723
2.1.11 Receivables from Short Sale Commitments on Securities		-	-	-
2.1.12 Payables for Short Sale Commitments on Securities		-	-	-
2.1.13 Other Irrevocable Commitments		31,566	167,372	198,938
2.2 Revocable Commitments		-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-
2.2.2 Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		59,687,991	56,728,259	116,416,250
3.1 Derivative Financial Instruments for Hedging Purposes		20,206,555	3,132,884	23,339,439
3.1.1 Fair Value Hedge		105,000	109,454	214,454
3.1.2 Cash Flow Hedge		20,101,555	3,023,430	23,124,985
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Held for Trading Transactions		39,481,436	53,595,375	93,076,811
3.2.1 Forward Foreign Currency Buy/Sell Transactions		7,347,221	10,000,209	17,347,430
3.2.1.1 Forward Foreign Currency Transactions-Buy		2,626,654	6,094,827	8,721,481
3.2.1.2 Forward Foreign Currency Transactions-Sell		4,720,567	3,905,382	8,625,949
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		26,193,704	33,097,712	59,291,416
3.2.2.1 Foreign Currency Swap-Buy		9,168,870	18,887,840	28,056,710
3.2.2.2 Foreign Currency Swap-Sell		17,024,834	11,101,734	28,126,568
3.2.2.3 Interest Rate Swaps-buy		-	1,554,069	1,554,069
3.2.2.4 Interest Rate Swaps-Sell		-	1,554,069	1,554,069
3.2.3 Foreign Currency, Interest Rate and Securities Options		5,940,453	9,425,007	15,365,460
3.2.3.1 Foreign Currency Options-Buy		3,069,022	4,609,277	7,678,299
3.2.3.2 Foreign Currency Options-Sell		2,871,431	4,815,730	7,687,161
3.2.3.3 Interest Rate Options-Buy		-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-
3.2.3.5 Securities Options-Buy		-	-	-
3.2.3.6 Securities Options-Sell		-	-	-
3.2.4 Foreign Currency Futures		-	523,178	523,178
3.2.4.1 Foreign Currency Futures-Buy		-	58,893	58,893
3.2.4.2 Foreign Currency Futures-Sell		-	464,285	464,285
3.2.5 Interest Rate Futures		-	464,285	464,285
3.2.5.1 Interest Rate Futures-Buy		-	464,285	464,285
3.2.5.2 Interest Rate Futures-Sell		-	-	-
3.2.6 Other		58	84,984	85,042
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		174,733,321	31,338,799	206,072,120
IV. ITEMS HELD IN CUSTODY		24,323,460	2,013,797	26,337,257
4.1 Assets Under Management		-	-	-
4.2 Investment Securities Held In Custody		11,442,192	775,972	12,218,164
4.3 Cheques Received for Collection		10,799,060	892,796	11,691,856
4.4 Commercial Notes Received for Collection		403,804	139,707	543,511
4.5 Other assets Received for Collection		34	205,322	205,356
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items under Custody		1,678,370	-	1,678,370
4.8 Custodians		-	-	-
V. PLEDGED ITEMS		143,380,293	28,269,884	171,650,177
5.1 Marketable Securities		1,478,414	45,461	1,523,875
5.2 Guarantee Notes		57,145,326	18,710,216	75,855,542
5.3 Commodity		48,895	733,876	782,771
5.4 Warranty		-	-	-
5.5 Immovables		76,568,882	5,037,944	81,606,826
5.6 Other Pledged Items		8,138,776	3,742,387	11,881,163
5.7 Pledged Items-Depository		-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		7,029,568	1,055,118	8,084,686
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		258,002,030	105,046,996	363,049,026

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS	Section 5 Note	Reviewed	Reviewed
		Current Period 01.01-30.06.2018	Current Period 01.04-30.06.2018
I. INTEREST INCOME	(IV-1)	4,952,209	2,620,634
1.1 Interest Income on Loans		4,331,893	2,279,211
1.2 Interest Income on Reserve Deposits		56,008	31,181
1.3 Interest Income on Banks		81,210	50,609
1.4 Interest Income on Money Market Placements		61,494	29,930
1.5 Interest Income on Securities Portfolio		419,467	228,861
1.5.1 Financial Assets at Fair Value Through Profit or Loss		65,306	33,914
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		188,684	105,938
1.5.3 Financial Assets Measured at Amortised Cost		165,477	89,009
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		2,137	842
II. INTEREST EXPENSE (-)	(IV-2)	2,732,196	1,481,348
2.1 Interest Expense on Deposits		2,402,282	1,298,324
2.2 Interest Expense on Funds Borrowed		188,416	105,659
2.3 Interest Expense on Money Market Borrowings		5,290	2,883
2.4 Interest Expense on Securities Issued		132,577	72,765
2.5 Other Interest Expense		3,631	1,717
III. NET INTEREST INCOME (I - II)		2,220,013	1,139,286
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		615,113	310,230
4.1 Fees and Commissions Received		867,884	450,226
4.1.1 Non-cash Loans		99,468	51,374
4.1.2 Other	(IV-9)	768,416	398,852
4.2 Fees and Commissions Paid (-)		252,771	139,996
4.2.1 Non-cash Loans		1,535	756
4.2.2 Other	(IV-9)	251,236	139,240
V. PERSONNEL EXPENSES(-)	(IV-6)	631,924	331,530
VI. DIVIDEND INCOME		16,623	75
VII. TRADING INCOME / LOSS (Net)	(IV-3)	(324,652)	(105,630)
7.1 Securities Trading Gains / Losses		(83,158)	(62,583)
7.2 Gains / Losses on Derivative Financial Instruments		1,757,610	1,822,899
7.3 Foreign Exchange Gains / Losses		(1,999,104)	(1,865,946)
VIII. OTHER OPERATING INCOME	(IV-4)	50,427	25,444
IX. GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)		1,945,600	1,037,875
X. ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)	(IV-5)	383,254	162,593
XI. OTHER OPERATING EXPENSES (-)	(IV-6)	638,035	326,617
XII. NET OPERATING INCOME/(LOSS) (IX-X-XI)		924,311	548,665
XIII. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XIV. GAIN / LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XV. GAIN / LOSS ON NET MONETARY POSITION		-	-
XVI. PROFIT / LOSS FROM CONTINUED OPERATIONS BEFORE TAX (XII+...+XV)	(IV-7)	924,311	548,665
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-7)	(201,107)	(121,334)
17.1 Current Tax Provision		(85,790)	(78,705)
17.2 Expense Effect of Deferred Tax (+)		(405,050)	(273,286)
17.3 Income Effect of Deferred Tax (-)		289,733	230,657
XVIII. NET PROFIT / LOSS FROM CONTINUED OPERATIONS (XVI±XVII)		723,204	427,331
XIX. INCOME ON DISCONTINUED OPERATIONS		-	-
19.1 Income from Non-current Assets Held for Sale		-	-
19.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Income from Other Discontinued Operations		-	-
XX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
20.1 Expenses from Non-current Assets Held for Sale		-	-
20.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Expenses for Other Discontinued Operations		-	-
XXI. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)	(IV-7)	-	-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
22.1 Current Tax Provision		-	-
22.2 Expense Effect of Deferred Tax (+)		-	-
22.3 Income Effect of Deferred Tax (-)		-	-
XXIII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI+XXII)		-	-
XXIV. NET PROFIT / LOSS (XVIII+XXIII)	(IV-8)	723,204	427,331
24.1 Group's Profit / Loss		723,204	427,331
24.2 Minority Interest Profit / Loss (-)		-	-
Earnings per Share		0.3281	0.1939

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2017

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. STATEMENT OF INCOME

	Section 5 Note	Reviewed Prior Period 01.01-30.06.2017	Reviewed Prior Period 01.04-30.06.2017
I. INTEREST INCOME	(IV-1)	3,786,969	1,934,718
1.1 Interest Income on Loans		3,366,365	1,744,913
1.2 Interest Income on Reserve Deposits		31,685	16,365
1.3 Interest Income on Banks		35,311	12,158
1.4 Interest Income on Money Market Placements		59,712	27,003
1.5 Interest Income on Marketable Securities Portfolio		292,342	133,615
1.5.1 Held-for-trading Financial Assets		17,735	3,563
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3 Available-for-sale Financial Assets		243,066	116,611
1.5.4 Held-to-maturity Investments		31,541	13,441
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		1,554	664
II. INTEREST EXPENSE	(IV-2)	1,785,163	918,966
2.1 Interest Expense on Deposits		1,546,953	807,511
2.2 Interest Expense on Funds Borrowed		156,340	78,279
2.3 Interest Expense on Money Market Borrowings		28,740	13,994
2.4 Interest Expense on Securities Issued		26,149	10,266
2.5 Other Interest Expense		26,981	8,916
III. NET INTEREST INCOME (I - II)		2,001,806	1,015,752
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		525,101	262,816
4.1 Fees and Commissions Received		715,298	361,963
4.1.1 Non-cash Loans		81,616	40,649
4.1.2 Other	(IV-9)	633,682	321,314
4.2 Fees and Commissions Paid		190,197	99,147
4.2.1 Non-cash Loans		1,538	774
4.2.2 Other	(IV-9)	188,659	98,373
V. DIVIDEND INCOME		18,817	923
VI. TRADING INCOME/(LOSS) (NET)	(IV-3)	(502,374)	(292,932)
6.1 Securities Trading Gains/(Losses)		6,825	6,125
6.2 Gains/(Losses) on Derivative Financial Instruments		(981,747)	(926,497)
6.3 Foreign Exchange Gains/(Losses)		472,548	627,440
VII. OTHER OPERATING INCOME	(IV-4)	57,825	30,525
VIII. TOTAL OPERATING INCOME/(LOSS) (III+IV+V+VI+VII)		2,101,175	1,017,084
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-5)	180,770	99,917
X. OTHER OPERATING EXPENSES (-)	(IV-6)	1,174,904	599,373
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		745,501	317,794
XII. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XIII. GAIN/(LOSS) FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAX (XI+...+XIV)	(IV-7)	745,501	317,794
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-7)	(155,777)	(68,671)
16.1 Current Tax Provision		(212,033)	(55,980)
16.2 Deferred Tax Provision		56,256	(12,691)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		589,724	249,123
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-
18.1 Income on Assets Held for Sale		-	-
18.2 Income on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3 Income on Other Discontinued Operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Loss from Assets Held for Sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Loss from Other Discontinued Operations		-	-
XX. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(IV-7)	-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
XXII. NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/(LOSS) (XVII+XXII)	(IV-8)	589,724	249,123
23.1 Group's Profit/(Loss)		589,724	249,123
23.2 Minority Interest Profit/(Loss)		-	-
Earnings per Share		0.2675	0.1130

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed Current Period 30.06.2018
I. PROFIT / (LOSS)	723,204
II. OTHER COMPREHENSIVE INCOME	152,121
2.1 Other Comprehensive Income that will not be Reclassified to Profit or Loss	(90)
2.1.1 Gains (losses) on Revaluation of Property, Plant and Equipment	-
2.1.2 Gains (losses) on Revaluation of Intangible Assets	-
2.1.3 Gains (losses) on Remeasurements of Defined Benefit Plans	-
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	(90)
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified To Profit or Loss	-
2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss	152,211
2.2.1 Exchange Differences on Translation	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(118,476)
2.2.3 Income (loss) related with Cash Flow Hedges	314,981
2.2.4 Income (loss) related with Hedges of Net Investments in Foreign Operations	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-
2.2.6 Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(44,294)
III. TOTAL COMPREHENSIVE INCOME (I+II)	875,325

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS’
EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS’ EQUITY

	Reviewed Prior Period 30.06.2017
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	19,797
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	(5,875)
VI. PROFIT/ LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR FOREIGN NET INVESTMENT HEDGE OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE CHANGES)	-
VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-
VIII. OTHER INCOME / EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS’ EQUITY AS PER TAS	597
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(2,157)
X. NET INCOME / EXPENSE ACCOUNTED UNDER SHAREHOLDERS’ EQUITY (I+II+...+IX)	12,362
XI. PROFIT/ LOSS	589,724
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit / (Loss))	4,640
11.2 Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes to Income Statement	596
11.3 Transfer of Foreign Net Investment Hedge Operations to Income Statement	-
11.4 Other	584,488
XII. TOTAL PROFIT/ LOSS ACCOUNTED FOR THE PERIOD (X±XI)	602,086

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Paid-in Capital	Capital Reserves from Inflation	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period	Prior Period	Marketable Securities Valuation Differences	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares Obtained from Associates	Hedging Funds	Revaluation Surplus on Assets Held for Sale and Assets of Disc. Op.	Total Equity Except from Minority Shares	Minority Shares	Total Equity
		Adjs to Paid in Capital							Net Profit/(Loss)	Net Profit/(Loss)								
Prior Period - 01.01-30.06.2017																		
I. Beginning Balance 31.12.2016	2,204,390	200,262	2,565	-	247,951	-	3,081,817	820,899	-	951,296	(51,975)	311,160	527	30,509	-	7,799,401	-	7,799,401
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effects of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	2,204,390	200,262	2,565	-	247,951	-	3,081,817	820,899	-	951,296	(51,975)	311,160	527	30,509	-	7,799,401	-	7,799,401
Changes in Period																		
IV. Increase/Decrease Related to Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	16,465	-	-	-	-	16,465	-	16,465
VI. Hedging Funds (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash-Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,700)	-	(4,700)	-	(4,700)
6.2 Hedge of Net Investment in Foreign Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,700)	-	(4,700)	-	(4,700)
VII. Tangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The Effect of Change in Associate's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Inflation Adjustment to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other	-	-	-	-	-	-	298,899	(207,366)	-	-	-	(90,936)	-	-	-	597	-	597
XIX. Period Net Income / Loss	-	-	-	-	-	-	-	-	589,724	-	-	-	-	-	-	589,724	-	589,724
XX. Profit Distribution	-	-	-	-	47,090	-	912,214	(63,403)	-	(941,799)	-	45,898	-	-	-	-	-	-
20.1 Dividends Distributed	-	-	-	-	47,090	-	912,214	(63,403)	-	(941,799)	-	45,898	-	-	-	-	-	-
20.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance 30.06.2017 (III+IV+V+VI+VII+VIII+IX+X+XI+XII+ XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)	2,204,390	200,262	2,565	-	295,041	-	4,292,930	550,130	589,724	9,497	(35,510)	266,122	527	25,809	-	8,401,487	-	8,401,487

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY						Accumulated Other Comprehensive Income or Expense not Reclassified at Profit and Loss			Accumulated Other Comprehensive Income or Expense Reclassified at Profit and Loss			Total Equity					
	Reviewed	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Prior Period Profit Reserves	Net Profit/(Loss)	Current Period Net Profit/(Loss)	Minority Shares	Minority Shares	Total Equity
Current Period – 01.01-30.06.2018																	
I. Prior Period Closing Balance		2,204,390	2,565	-	670,697	266,122	58,967	919		(31,549)	136,593	4,632,637	1,078,336	-	9,019,677	-	9,019,677
II. Adjustment in accordance with TAS 8		-	-	-	(186,618)	-	-	-	-	(2,188)	-	-	-	-	(188,806)	-	(188,806)
2.1 The Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effect of Changes in Accounting Policy		-	-	-	(186,618)	-	-	-	-	(2,188)	-	-	-	-	(188,806)	-	(188,806)
III. New Balance (I+II)		2,204,390	2,565	-	484,079	266,122	58,967	919	-	(33,737)	136,593	4,632,637	1,078,336	-	8,830,871	-	8,830,871
IV. Total Comprehensive Income		-	-	-	-	-	-	(90)	-	(94,110)	246,321	-	-	723,204	875,325	-	875,325
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Bonds convertible to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease from Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution		-	-	-	-	-	-	-	-	-	-	968,839	(1,068,839)	-	(100,000)	-	(100,000)
11.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	(100,000)	-	(100,000)	-	(100,000)
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	968,839	(968,839)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance 30.06.2018																	
(III+IV+V+VI+VII+VIII+IX+X+XI)		2,204,390	2,565	-	484,079	266,122	58,967	829	-	(127,847)	382,914	5,601,476	9,497	723,204	9,606,196	-	9,606,196

- Increase/decrease of accumulated revaluation reserve on tangible assets,
- Accumulated gains / losses on remeasurements of defined benefit plans,
- Other (Other comprehensive income of associates and joint ventures accounted with equity method that will not be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will not be reclassified at profit or loss),
- Foreign currency translation differences,
- Accumulated revaluation and / or classification gains / losses of financial assets at fair value through other comprehensive income,
- Other (Cash flow hedge gains / losses, other comprehensive income of associates and joint ventures accounted with equity method that will be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will be reclassified at profit or loss).

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VI. STATEMENT OF CASH FLOWS

	Reviewed Current Period 01.01-30.06.2018
A. CASH FLOWS FROM BANKING OPERATIONS	
1.1 Operating profit before changes in operating assets and liabilities	(83,415)
1.1.1 Interest received	4,540,166
1.1.2 Interest paid	(2,613,359)
1.1.3 Dividend received	16,623
1.1.4 Fees and commissions received	882,138
1.1.5 Other income	781,505
1.1.6 Collections from previously written off loans	470,509
1.1.7 Payments to personnel and service suppliers	(621,468)
1.1.8 Taxes paid	(81,300)
1.1.9 Others	(3,458,229)
1.2 Changes in operating assets and liabilities	3,392,996
1.2.1 Net decrease in financial asset at fair value through profit or loss	(474,900)
1.2.2 Net (increase) in due from banks and other financial institutions	(680)
1.2.3 Net (increase) in loans	(7,288,362)
1.2.4 Net (increase) in other assets	(2,201,405)
1.2.5 Net increase in bank deposits	766,781
1.2.6 Net increase in other deposits	9,338,430
1.2.7 Net increase / (decrease) in financial asset at fair value through profit or loss	-
1.2.8 Net increase in funds borrowed	1,968,775
1.2.9 Net increase / (decrease) in matured payables	-
1.2.10 Net increase in other liabilities	1,284,357
I. Net cash provided from banking operations	3,309,581
B. CASH FLOWS FROM INVESTING ACTIVITIES	
II. Net cash provided from investing activities	(965,476)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.3 Cash paid for purchase of tangible assets	(12,225)
2.4 Cash obtained from sale of tangible assets	20
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income	(960,229)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income	315,231
2.7 Cash paid for purchase of financial assets measured at amortised cost	(323,615)
2.8 Cash obtained from sale of financial assets measured at amortised cost	41,885
2.9 Others	(26,543)
C. CASH FLOWS FROM FINANCING ACTIVITIES	
III. Net cash provided from financing activities	410,935
3.1 Cash obtained from funds borrowed and securities issued	3,550,474
3.2 Cash used for repayment of funds borrowed and securities issued	(3,039,539)
3.3 Equity instruments issued	-
3.4 Dividends paid	(100,000)
3.5 Payments for financial leases	-
3.6 Others	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	161,126
V. Net increase in cash and cash equivalents	2,916,166
VI. Cash and cash equivalents at beginning of the period	5,937,120
VII. Cash and cash equivalents at end of the period	8,853,286

The accompanying notes are an integral part of these unconsolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VI. STATEMENT OF CASH FLOWS

	Reviewed Prior Period 01.01-30.06.2017
A. CASH FLOWS FROM BANKING OPERATIONS	
1.1 Operating profit before changes in operating assets and liabilities	1,066,680
1.1.1 Interest received	3,611,538
1.1.2 Interest paid	(1,731,728)
1.1.3 Dividend received	18,817
1.1.4 Fees and commissions received	730,627
1.1.5 Other income	541,622
1.1.6 Collections from previously written off loans	334,715
1.1.7 Payments to personnel and service suppliers	(574,400)
1.1.8 Taxes paid	(155,670)
1.1.9 Others	(1,708,841)
1.2 Changes in operating assets and liabilities	(3,339,691)
1.2.1 Net (increase) in financial assets held for trading	30,157
1.2.2 Net decrease / increase in financial assets at fair value through profit or loss	-
1.2.3 Net (increase) in due from banks and other financial institutions	(359)
1.2.4 Net (increase) in loans	(3,743,630)
1.2.5 Net (increase) in other assets	364,763
1.2.6 Net increase in bank deposits	318,406
1.2.7 Net increase in other deposits	335,431
1.2.8 Net increase in funds borrowed	(1,274,830)
1.2.9 Net increase / decrease in matured payables	-
1.2.10 Net increase in other liabilities	630,371
I. Net cash provided from banking operations	(2,273,011)
B. CASH FLOWS FROM INVESTING ACTIVITIES	
II. Net cash provided from investing activities	466,478
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)	-
2.3 Cash paid for purchase of tangible assets	(31,181)
2.4 Cash obtained from sale of tangible assets	-
2.5 Cash paid for purchase of financial assets available for sale	(1,193,295)
2.6 Cash obtained from sale of financial assets available for sale	1,709,012
2.7 Cash paid for purchase of investment securities	-
2.8 Cash obtained from sale of investment securities	-
2.9 Others	(18,058)
C. CASH FLOWS FROM FINANCING ACTIVITIES	
III. Net cash provided from financing activities	(260,520)
3.1 Cash obtained from funds borrowed and securities issued	466,467
3.2 Cash used for repayment of funds borrowed and securities issued	(726,987)
3.3 Equity instruments issued	-
3.4 Dividends paid	-
3.5 Payments for financial leases	-
3.6 Others	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	116,136
V. Net (decrease) in cash and cash equivalents	(1,950,917)
VI. Cash and cash equivalents at beginning of the period	7,400,129
VII. Cash and cash equivalents at end of the period	5,449,212

The accompanying notes are an integral part of these unconsolidated financial statements.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards (“TAS”) and “Regulation on Accounting Applications for Banks and Safeguarding of Documents”:

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standard 34 “Interim Financial Reporting” put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned regulations. The accounting principles except TFRS 9 Financial Instruments Standard’s impact, are in accordance with the used principles in preparation of yearly financial statement as of 31 December 2017. Revised format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué on Disclosures about Risk Management to be announced to Public by Banks” and amendments to these Communiqué’s. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

The preparation of financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures. The Bank is working on compliance with the TFRS 16 Leases Standard effective from 1 January 2019.

Additional paragraph for convenience of translation into English:

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which these accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

b. The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are determined by regulations, communiqués, explanations and general notices published by BRSA and, in matters which cannot be regulated by them, the principals of TAS and TFRS (all “BRSA Accounting and Financial Reporting legislation”) forced by POA. Pursuant to the transition of TFRS 9, the prior period financial statements and footnotes are not restated. Per BRSA communique numbered 24049440-045.01[3/8]-E.5358 dated 17 April 2018, prior period figures are represented in prior format. Accounting policies and valuation principles used for 2018 and 2017 periods are separately presented in the footnotes and included in the accounting policies for the period of 2017 at Third Section footnote XXVII.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained between Notes II and XXVI.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Bank, risk bearing short positions of currency, interest or price movements is performed only by the Asset-Liability Management and Treasury Group using the limits defined by the Board of Directors. The Asset-Liability Committee manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The Board of Directors allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Bank’s foreign currency asset and liability balances are valued with the Bank’s exchange buying rate at the reporting date and recognized as “Foreign Exchange Gains / Losses” within statement of income.

The Bank’s hedging activities for the currency risk due to foreign currency available for sale equity instruments are described under the Currency Risk section; and the Bank’s hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under Interest Rate Risk section.

The Bank’s Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with the balance sheet structure.

III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures

In accordance with TAS 27, investments in associates, subsidiaries and joint ventures are accounted with cost values and are reflected on the financial statements after deducting the provision for impairment, if any.

The dividends received from investments in associates, subsidiaries and joint ventures are reflected to income statements at the date of the right to receive dividend.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank’s derivative transactions mainly consist of foreign currency swaps and interest rate swaps, cross currency swaps, currency options and forward foreign currency purchase and sale contracts.

Pursuant to "IFRS 9 Financial Instruments" ("IFRS 9"), derivative financial instruments of the Bank are classified as "Derivative financial assets at fair value through profit or loss" or "Derivative financial assets at fair value through other comprehensive income".

Assets and liabilities arising from derivative transactions are recorded in off-balance sheet through their contractual amounts. Derivative transactions are measured at fair value. In accordance with the classification of derivative financial instruments, if the fair value is positive, they are disclosed under "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income", if the fair value is negative, they are disclosed under "Derivative Financial Liabilities at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income". Differences arising from the fair value changes of derivative financial instruments at fair value through profit or loss are recognized under "Gains / Losses on Derivative Financial Instruments" in "Trading Income / Loss" in the statement of profit or loss. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Derivative financial instruments are booked under off-balance sheet items. Derivative financial instruments where the underlying asset is money or commodity, are booked based on the amounts to be received / paid at the maturity date. Derivative financial instruments based on interest rate are booked with the principal amount on which the interest rate is calculated.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. Explanations on Forward and Option Contracts and Derivative Instruments (continued)

All derivative financial instruments are measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on the organized market.

The cash flows of forward, currency swap, interest rate swap, and cross currency swap, transactions should be determined firstly in order to measure with fair value method. Expected cash flows due to the floating interest rate for these products are defined according to market interest rate at the valuation date. Valuation is calculated by discounting the cash flows with the market interest rate and foreign currencies are converted in to Turkish Lira with exchange rates at the valuation date.

Derivative financial instruments based on interest rate are measured not only with fair value method but also with amortized cost. While the fair value of derivatives are reflected in a single valuation account within the balance sheet, the amortized cost and the difference between the fair value and the amortized cost are reflected separately on the income / expense accounts.

Black and Scholes Model is used to measure the fair value of options. Options premiums are accrued on the start date. The valuation amount is composed of premiums valued at each valuation date. Premium to be paid calculated within this model is recorded as income, and the premium to be collected as expense.

The Bank has adopted fair value and cash flow hedge accounting. Hedge accounting can be applied in order to prevent short-term fluctuations in the income statement resulting from differences between valuation methods of assets and liabilities exposed to interest rate risk and their hedging derivative instruments.

The hedge effectiveness between the derivative instruments / transactions used for hedging and hedged item, are measured regularly and the results are documented. In case of ineffectiveness of hedge accounting, the hedge accounting is terminated.

During period where the relation between hedging instrument and the hedged item is measured;

- a) Within the scope fair value hedge accounting, the fair value change of the hedged item is recognized in profit and loss,
- b) Within the scope of cash flow hedge accounting, the fair value change of the hedged item is recognized in other comprehensive income and the ineffective part of the gain or loss arisen from the hedging instrument is booked in profit or loss.

While the Bank recognizes the fair value changes of the hedged items in the “Other Interest Income” and “Other Interest Expense” accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the “Gains/ Losses on Derivative Financial Instruments” account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “Other Interest Income” and “Other Interest Expense” accounts.

V. Explanations on Interest Income and Expenses

Interest income and expenses are recorded on accrual basis. As the interest income and expense is accrued, all tax liabilities are fulfilled.

Financial assets and liabilities for which the future cash payments and collections are known, are discounted by using effective interest rate.

Accrued interest on the loans are not reversed on the date of classification as loans under follow-up.

The interest amount representing the time value of the future collections of the loans under follow up is recognized under interest income.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VI. Explanations on Fees and Commission Income and Expenses

Fees and commissions other than integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted in accordance with the TFRS 15 Revenue from Contracts with Customers Standard.

Income on banking services which are not related to periodic services are recorded as income when they are collected. In order to classify the fees and commissions collected from customers as income on banking services or as other non-interest income, they shouldn't be related with a credit transaction.

All type of fees and commissions collected from customers regarding cash loans are deferred in “commissions on cash loans” account and are recognized as income over the period of the loan by discounting with effective interest rate. Variable costs related with the allocation of consumer loans are calculated and commissions received up to the calculated amount are recorded directly as income.

For Bank assurance services provided by the Bank commissions from insurance companies are recorded as income on accrual basis.

The commissions related with non-cash loans or periodic banking services, are deferred and recorded as income over the period according to the cut-off principle. Credit fee and commission expenses which are paid to other companies and institutions regarding financial liabilities and which create operational costs are discounted by effective interest rate and are recorded as expenses in the relevant period according to the cut-off principle.

VII. Explanations on Financial Assets

The Bank classifies and recognizes its financial assets as “Financial Assets at Fair Value Through Profit or Loss”, “Financial Assets Measured at Fair Value Through Other Comprehensive Income” or “Financial Assets Measured at Amortised Cost”. The financial assets are recognized or derecognized in accordance with the “Recognition and Derecognition” principles defined in Section 3 related to the classification and measurement of financial instruments of the “TFRS 9 Financial Instruments” standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value.

The Bank recognizes a financial asset in the financial statement when, and only when, the Bank becomes a party to the contractual provisions of the instrument. When the Bank first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to “hold to collect” and “hold & sell” the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates. Financial assets at fair value through profit or loss are initially recognized at fair value and are subsequently measured at fair value. Gain and losses upon their valuation are accounted under the profit / loss accounts.

Equity securities classified as financial assets at fair value through profit or loss are recognized at fair value.

Accounting policies related to derivative financial instruments at fair value through profit or loss are explained in Section III. Footnote IV.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VII. Explanations on Financial Assets (continued)

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized at acquisition costs that reflect their fair value by adding transaction costs. Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated by effective interest rate method are reflected in the statement of profit or loss. The difference between the fair value of the financial assets at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

The Bank may elect at initial recognition to irrevocably designate an equity investment at fair value other comprehensive income where those investments are hold for purposes other than to generate investments returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividends continue to be recognized in profit or loss in the financial statements.

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Financial Assets Measured at Amortised Cost

Financial investments measured at amortised cost:

A financial asset is classified as a financial asset measured at amortized cost when the Bank's policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial asset measured at amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised cost by using the effective interest rate method. Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

Loans:

Loans are financial assets to fund borrowers with fixed or determinable payment terms which are not traded on an active market and measured at amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised cost by using the effective interest rate method.

TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VIII. Explanations on Impairment of Financial Assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” which came into force starting from 1 January 2018. Equity instruments are not subject to impairment assessment as they are measured at fair value.

The Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets is divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument’s lifetime expected credit losses.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

IX. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has legally enforceable rights to offset the recognized amounts and to collect/pay related financial assets and liabilities on a net basis, or there is an intention to realize the asset and settle the liability simultaneously.

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

Treasury bills and government bonds within the scope of repurchase agreements are classified in financial statements as held for trading, available for sale and held-to maturity securities according to the classification of marketable securities subject to repurchase agreement, and are valued according to the measurement rules of the relevant category. Funds obtained through repurchase agreements are booked in a separate liability account, namely “Funds provided under repurchase agreements” under “Money market balances”. Income and expenses arisen from these transactions are booked in “Interest Income on Marketable Securities Portfolio” and “Interest Expense on Money Market Borrowings” in income statement.

Securities purchased under repurchase agreements (“Reverse repos”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 30 June 2018, the Bank does not have any reverse repo transaction (31 December 2017: None).

As of 30 June 2018, the Bank does not have any marketable securities lending transaction (31 December 2017: None).

XI. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets

Non-current assets held for sale consists of property, plant and equipment acquired for impairment and accounted in financial statements convenient with “TFRS 5 Assets Held for Sale and Discontinued Operations”.

As of 30 June 2018 the Bank has no discontinued operations.

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XII. Explanations on Goodwill and Other Intangible Assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree's identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period shall not exceed one year from the acquisition date.

As explained in footnote 1 of Section 1, under the Banking Regulation and Supervision Agency decision dated 10 February 2011 and the release of decision in Official Newspaper 12 February 2011 dated and numbered as 27844, all rights, receivables, assets and liabilities of Fortis Bank A.Ş. would be transferred to the Bank as stated in Istanbul Commerce Trade dated 14 February 2011.

Within the framework of TFRS 3 “Business Combination”, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. The resulting difference of TL48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL421,124, which is the difference between TL2,385,482 which is the fair value of transferred amount and TL1,964,358 which is the identifiable net asset value is accounted as goodwill in the financial statements of the Bank and the equity impact is shown under other shareholder's equity section.

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Bank comprise mainly software. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Software used are mainly developed within the Bank by the Bank's personnel and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization method and residual values that would have a significant impact in the current and future periods.

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XIII. Explanations on Tangible Fixed Assets

Tangible assets of the Bank are accounted for at their restated cost until 31 December 2004 and afterwards, the acquisition cost and any other cost incurred to prepare the asset ready for use are reflected, less reserve for impairment, if any.

Depreciation rates are defined according to the economic life of the relevant assets.

Depreciation is calculated using the straight line method, without taking residual values in to consideration, over the estimated useful lives expressed in number of months. The calculation of depreciation is based on the number of months that the asset is used. No amendment has been made to the depreciation method in the current period. The economic useful lives of the tangible fixed assets are as follows:

Buildings	50 years
Motor Vehicles	5 years
Furniture, Fixtures and Office Equipment and Others	5-15 years

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of the related asset. Other maintenance costs are expensed. Leasehold improvements amount are subject to depreciation during leasing period. This period is taken into consideration maximum five years.

The Bank employs independent appraisers in determining the current fair values of its real estate’s when there is any indication of impairment in value of real estates.

XIV. Explanations on Leasing Transactions

Fixed assets obtained through financial leasing are recorded at the lower amount between the fair value and the present value of lease payments in accordance with Turkish Accounting Standard Leases (TAS 17). Fixed assets obtained through financial leasing are classified in tangible assets and the amortization is based on their useful life. In case of any indication of impairment, an “impairment provision” is provided for. Obligations for future lease payments are booked in “financial lease payables” account under liabilities. Interest and currency expenses regarding financial leases are recorded in the related period in the income statement.

In compliance with Turkish Accounting Standard Leases (TAS 17), operating leases are recognized as an expense over the lease term in accordance with the lease agreement.

The Bank does not have any leasing transactions as “Lessor”.

XV. Explanations on Provisions and Contingent Liabilities

Provisions are provided for liabilities of uncertain timing or amount arising from past events have the probability to result in an expense or loss in the future and when it can be measured reliably.

Provisions are determined by using the Bank’s best expectation of expenses in fulfilling the obligation as of the balance sheet date, and discounted to present value if material. Provisions and contingent liabilities, excluding specific and general provisions for loans and other receivables, are recognized in accordance with the Turkish Accounting Standards (“TAS 37”) regarding “Provisions, Contingent Liabilities and Contingent Assets”.

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XVI. Explanations on Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may Contingent assets are disclosed in the financial statements’ notes where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

XVII. Explanations on Liabilities Regarding Employee Benefits

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS 19 “Employee Benefits”.

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

Employees transferred to the Bank following the business combination defined in “General Information” of the Bank and Fortis Bank A.Ş. are the members of “Türk Dış Ticaret Bankası Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. Technical financial statements of the Pension Fund are audited by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 30 June 2018, the Pension Fund has 1,720 employees and 1,082 pensioners (31 December 2017: 1,757 employees and 1,065 pensioners).

Provisional Article 23 (1) of Banking Law No: 5411 (the “Banking Law”) published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the “SSI”) within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court’s ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

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XVII. Explanations on Liabilities Regarding Employee Benefits (continued)

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the "TGNA") initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers' resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years. Upon the Council of Ministers' resolution dated 24 February 2014 issued in the Official Gazette No:28987 on 30 April 2014, mentioned transfer period has been extended for one more year while it has been extended for one year upon the Council of Ministers' resolution dated 8 April 2013 issued in the Official Gazette No:28636 on 3 May 2013. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335.

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2017. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Since the Bank management anticipates that any potential liability that may be incurred during or after the transfer within the above-mentioned limits will be likely recoverable, they believe such liabilities will not bring any additional liability to the Bank.

XVIII. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20% in Turkey. However, the corporate income tax rate will be applied as 22% for the years 2018, 2019 and 2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017.

The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset from the final tax liability for the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are offset against the corporate tax levied in Turkey.

A 50% portion of the gains derived from the sale of immovables which have been acquired due to loans under follow-up from the Bank and 75% portion of participation shares, founder's shares, dividend shares and preemption rights is tax exempt (This rate is applied as 75% for immovable sales before 5 December 2017). A 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the immovable properties held for at least two years (This rate is applied as 75% for immovable sales before 5 December 2017) are exempt from corporate taxation, providing that such gains are added to paid-in capital or held in a special fund account under liability for five years.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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XVIII. Explanations on Taxation (continued)

Deferred Tax Liability/Asset

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

The deferred tax is calculated using the enacted tax rates that are valid as of the balance sheet date in accordance with the tax legislation in force. According to the Law, which was approved in the Grand National Assembly on 28 November 2017 and published in the Official Gazette dated 5 December 2017, the rate of Corporate Tax for the years 2018, 2019 and 2020 was increased from 20% to 22%. Therefore, deferred tax assets and liabilities are measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences are measured by 20%.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax asset is not provided over provisions for possible risks and general provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

Deferred tax asset is calculated over temporary differences arisen from expected credit loss provision in line with TFRS 9 principles from 1 January 2018.

Deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

XIX. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

XX. Explanations on Issued Equity Securities

There are no shares issued in 2018.

XXI. Explanations on Bill Guarantees and Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XXII. Explanations on Government Incentives

There is no government incentive utilized by the Bank.

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XXIII. Explanations on Reporting According to Segmentation

The operating segments of the Bank include retail and private banking, SME banking, corporate banking, treasury and asset-liability management.

Retail and private banking lines of the Bank provide consumer loans, personal financing, housing, workplace and vehicle loans for customer needs related to general consumption, purchase of durable goods, and real estate. The Bank also provides account products like “Marifetli”, “Fırsat” and “CEPTETEB” along with the standard time deposit products to enable advantageous savings in different currencies and maturities. In regards to investment needs for customers, retail and private banking offers brokerage services for treasury bill transactions, government bonds, eurobonds, foreign exchange purchases/sales, a wide-range of investment funds, private pension funds and equity securities transactions. It also provides practical account, credit deposit account, automatic bill/regular payment options, safe-deposit boxes and insurance services beside credit and debit cards offering advantages in shopping and banking transactions. These products and services are provided to customers through widespread physical branches and ATM network and also via a 24/7 call center, internet and mobile banking.

Corporate banking provides financial solutions and banking services to large-scale local firms, holdings and their group companies, and multinational companies operating in Turkey. In addition to the bank deposit services provided to corporate customers, corporate banking also develops tailored solutions and products for standard cash and non-cash loans, investment loans, cash management services in line with customer needs and demands and foreign trade financing. Foreign exchange purchase and sale transactions, corporate financing services, derivative products and solutions to manage foreign exchange and interest rate risk and commodity financing are other services provided by the Bank. The Bank provides these services and products for its corporate customers via teams, located in its corporate branches and Head Office, who are specialised in foreign trade, cash management, structured finance and multinational companies. It also benefits from the global business network and expertise of BNP Paribas Group.

SME banking provides small and medium-sized enterprises with financial solutions and exclusive services for non-financial matters. The Bank, which specifically designed its services for different segments in the field of SME Banking, has developed solutions that are tailored to the needs of these segments. In addition to solutions developed for small and medium-sized enterprises, solutions were developed for agricultural producers, jewellers, female leaders and entrepreneurship segments and for SME banking, enterprise banking, agriculture banking, gold banking, women’s banking and entrepreneurship banking. These solutions are provided on a larger scale based on the types of financial problems encountered by customers, and they are supported in non-financial matters via offering access to information, training and networks. At this point, the Bank does not only provide financial support to the SMEs but also provides the training and expertise they need to grow their business, strengthen their competitiveness and use their financing properly.

When determining the short, medium and long-term pricing strategy, Asset-Liability Management and the Treasury Group also manage the maturity mismatch, by adopting a principle foreseeing to work with a positive balance sheet margin. Spot and forward TL and foreign exchange purchase-sale transactions, treasury bill, government bond, and eurobond purchase-sale transactions, and derivative product purchase/sale transactions are carried out under defined authorisations. The Bank also carries out activities related to providing medium and long-term funding, enabling funding at a price below the price reflecting the country risk price, diversifying funding resources, and creating an international investor base in this field.

The Financial Markets Group provides structured financial solutions to hedge foreign exchange/interest rate risks of customers and provides the most appropriate price for the market instruments offered to customers by monitoring market conditions.

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XXIII. Explanations on Reporting According to Segmentation (continued)

The details of the income statement and the balance sheet which the Bank operates as a business lane:

Current Period	Retail	Corporate	SME	Other	Total
Dividend Income	-	-	-	16,623	16,623
Profit Before Tax	100,267	284,893	436,014	103,137	924,311
Tax Provision (-)	-	-	-	201,107	201,107
Net Profit for the Period	100,267	284,893	436,014	(97,970)	723,204

Current Period	Retail	Corporate	SME	Other	Total
Segment Assets	13,196,443	21,293,218	30,049,281	36,042,965	100,581,907
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	115,991	115,991
Total Assets	13,196,443	21,293,218	30,049,281	36,158,956	100,697,898
Segment Liabilities	38,561,290	14,755,280	12,088,219	25,686,913	91,091,702
Shareholders' Equity	-	-	-	9,606,196	9,606,196
Total Liabilities	38,561,290	14,755,280	12,088,219	35,293,109	100,697,898

Prior Period (30.06.2017)	Retail	Corporate	SME	Treasury, ALM/ Head Office	Total
Dividend Income	-	-	-	18,817	18,817
Profit Before Tax	109,130	226,634	400,280	9,457	745,501
Tax Provision (-)	-	-	-	155,777	155,777
Net Profit for the Period	109,130	226,634	400,280	(146,320)	589,724

Prior Period (31.12.2017)	Retail	Corporate	SME	Treasury, ALM/ Head Office	Total
Segment Assets	12,515,973	16,458,459	28,813,521	27,854,285	85,642,238
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	115,991	115,991
Total Assets	12,515,973	16,458,459	28,813,521	27,970,276	85,758,229
Segment Liabilities	32,208,350	12,624,686	10,440,952	21,464,564	76,738,552
Shareholders' Equity	-	-	-	9,019,677	9,019,677
Total Liabilities	32,208,350	12,624,686	10,440,952	30,484,241	85,758,229

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XXIV. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 26 March 2018 of the Bank, TL1,068,839 that constitutes the 2017 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL53,442 as Legal Reserves, TL0.78 (full TL) as profit distributed to the holders of the founder jouissance certificates, TL100,000 as First Dividend to Shareholders.

XXV. Reclassifications

In order to comply with the presentation of the financial statements dated 30 June 2018, specific and general provision reversals in the income statement of 30 June 2017 is deducted from "Other Operating Income" and presented under "Provision for Loan Losses and Other Receivables". Additionally, in order to be consistent with the presentation of financial statements dated 30 June 2018, some reclassifications are made in the cash flow statement as of 30 June 2017.

XXVI. Explanations on TFRS 9 Financial Instruments Standard

"TFRS 9 Financial Instruments", which is effective from 1 January 2018 has been published in the Official Gazette numbered 29953 dated 19 January 2017. The aim of the standard is to determine the financial reporting principles on financial assets and financial liabilities. The Bank has applied the classification, measurement and impairment requirements by adjusting the opening balance sheet and opening equity at 1 January 2018.

TFRS 9 standard sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting. TFRS 9 permits not to apply the standard's principles on hedge accounting and to continue to apply hedge accounting principles of TAS 39. The Bank continues to comply with all principles of TAS 39 for hedge accounting based on the analyzes made so far.

a) Classification and measurement of financial instruments

According to TFRS 9, each financial asset will be classified as either amortized cost, fair value through profit or loss (“FVPL”), or fair value through other comprehensive income (“FVOCI”) in accordance with the business model and the contractual cash flow characteristics. The business model is determined by the Bank in terms of the manner in which assets are managed and their performance is reported.

	Before TFRS 9		After TFRS 9	
	Basis of Measurement	Book value 31 December 2017	Basis of Measurement	Book value 1 January 2018
Financial Assets				
Cash and Balances With Central Bank	Amortised cost	10,975,772	Amortised cost	10,973,463
Banks and Money Market Placements	Amortised cost	2,513,337	Amortised cost	2,506,364
Marketable Securities	Fair value through comprehensive income	4,695,464	Fair value through comprehensive income	2,680,239
	Fair value through profit or loss	460,960	Fair value through profit or loss	525,328
	Amortised cost	401,854	Amortised cost	2,370,745
Derivative financial assets held for trading	Fair value through profit or loss	949,698	Fair value through profit or loss	949,698
Derivative financial assets for hedging purposes	Fair value through comprehensive income	82,821	Fair value through comprehensive income	82,821
Loans (Gross)	Amortised cost	64,533,588	Amortised cost	64,533,588

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XXVI. Explanations on TFRS 9 Financial Instruments Standard (continued)

b) Financial statement confirmation of financial assets at TFRS 9 transition:

	Book Value Before TFRS 9	Reclassifications	Remeasurement	Book Value After TFRS 9
	31 December 2017			1 January 2018
Financial Assets				
Cash and Balances with Central Bank				
Book value in accordance with TAS 39	10,975,772			
Remeasurement: Provision provided for expected credit losses	-		(2,309)	
Book value in accordance with TFRS 9				10,973,463
Banks and money markets placements				
Book value in accordance with TAS 39	2,513,337			
Remeasurement: Provision provided for expected credit losses	(5,867)		(1,106)	
Book value in accordance with TFRS 9				2,506,364
Financial assets at fair value through other comprehensive income				
Balances before reclassification (available for sale)	4,695,464			
Disposal: to held to maturity portfolio		(1,963,540)		
Disposal: to held for trading portfolio		(52,235)		
Remeasurement: Fair value differences			1,152	
Remeasurement: Provision provided for expected credit losses	(355)		(247)	
Book value in accordance with TFRS 9				2,680,239
Financial assets at fair value through profit or loss				
Book value in accordance with TAS 39	460,960			
Addition: from available for sale portfolio		64,368		
Book value in accordance with TFRS 9				525,328
Financial assets measured at amortised cost				
Balances before reclassification (held to maturity)	401,854			
Addition: from available for sale portfolio		1,969,425		
Remeasurement: Provision provided for expected credit losses	-		(534)	
Book value in accordance with TFRS 9				2,370,745
Loans				
Book value in accordance with BRSA requirements (Gross)	64,533,588			
Remeasurement: Provision provided for expected credit losses (Stage 1 + Stage 2)	(527,516)		(390,309)	
Remeasurement: Provision provided for expected credit losses (Stage 3)	(1,242,811)		(25,747)	
Book value in accordance with TFRS 9 (Net)				62,347,205

In accordance with TFRS 9 classification and measurement requirements, the Bank has performed some reclassifications as above. The reasons of these reclassifications are explained below:

1) Financial assets classified as measured at amortized cost in accordance with TFRS 9 standard:

The Bank reassessed its business model in order to hold the financial assets to collect contractual cash flow the collection of contractual cash flows and sell the assets. At the date of initial application of TFRS 9, the Bank assessed the appropriate business model for its marketable securities amounting to TL1,963,540, which was previously classified as available-for-sale and measured at fair value, as to collect the contractual cash flows and measured at amortised cost.

2) Equity securities at fair value through profit or loss in accordance with TFRS 9 standard:

From the date of initial application of TFRS 9, the Bank has classified its equity securities amounting to TL52,235 as financial assets measured at fair value through profit or loss, which was previously classified as financial assets available-for-sale. The Bank has classified its equity securities amounting to TL5,059 as financial assets at fair value through other comprehensive income at initial application date.

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XXVI. Explanations on TFRS 9 Financial Instruments Standard (continued)

c) Reconciliation of the opening balance of the provisions for impairment at TFRS 9 transition

The following table presents the reconciliation between provisions for impairment of the Bank as of 31 December 2017 and the provision provided for expected credit losses measured in accordance with TFRS 9 expected loss model as of 1 January 2018.

	Book Value Before TFRS 9 31 December 2017	Remeasurement	Book Value After TFRS 9 1 January 2018
Cash and Balances with Central Bank	-	2,309	2,309
Stage 1	-	2,309	2,309
Banks and Money Markets Placements	5,867	1,106	6,973
Stage 1	5,867	1,106	6,973
Marketable Securities	355	781	1,136
<i>At fair Value Through Other Comprehensive Income</i>			
Stage 1	355	247	602
<i>At fair Value Through Profit or Loss</i>			
Stage 1	-	534	534
Loans	1,770,327	416,056	2,186,383
Stage 1	461,161	(186,851)	274,310
Stage 2	66,355	577,160	643,515
Stage 3	1,242,811	25,747	1,268,558
Non-cash loans	79,507	34,167	113,674
Stage 1	30,407	9,466	39,873
Stage 2	359	51,650	52,009
Stage 3	48,741	(26,949)	21,792
Derivative Financial Assets	10,211	(10,211)	-
Stage 1	10,211	(10,211)	-
Other Assets	1,624	(1,583)	41
Stage 1	1,624	(1,583)	41

d) Equity impacts of TFRS 9 transition

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is not compulsory to restate previous period information at initial application of TFRS 9 and if the previous period information is not restated, the difference between the book value of 1 January 2018 at the date of initial application should be reflected in the opening balance of equity. The explanations about the initial application effects of TFRS 9 on equity presented below.

The negative difference amounting to TL442,625 between provisions for impairment provided in accordance with the "Regulation on Procedures and Principles for the Determination of the Qualifications of Banks and the Other Receivables and Provisions to be Issued" published in the Official Gazette No. 26333 dated 1 November 2006 and provisions provided for the expected credit losses measured in accordance with the TFRS 9 expected loss model as of 1 January 2018, has been classified under "Other Capital Reserves" in shareholders' equity.

As stated in the Communiqué on "Uniform Chart of Accounts and its Explanations" issued on 20 September 2017, effective from 1 January 2018 deferred tax assets will be provided on general loan loss provisions (TFRS 9 expected credit loss provisions for the loans at first and second stages). Within this scope, deferred tax assets amounting to TL224,436 have been reflected to the opening financials as of 1 January 2018 and the related amount has been classified under "Other Capital Reserves" in shareholders' equity.

Equity securities classified as available-for-sale financial assets before 1 January 2018 has been classified as the financial asset at fair value through profit or loss. TL31,021 net off tax effect have been classified under "Other Capital Reserves" in equity. In addition, the positive difference amounting to TL550 due to the remeasurement of equity securities classified as financial assets at fair value through other comprehensive income has been accounted under "Other Capital Reserves" in equity.

For the available-for-sale financial assets, marketable securities valuation differences amounting to TL2,188 with a deducted tax effect has been canceled due to the change of business model with TFRS 9 transition.

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XXVII. Explanations on Prior Period Accounting Policies not Valid for the Current Period

As of 1 January 2018, the Bank has started to apply "IFRS 9 Financial Instruments" standard which replaces "TAS 39 Financial Instruments: Recognition and Measurement". Accounting policies lost their validity with the transition of IFRS 9 are given below.

The Bank classifies and recognizes its financial assets as “Financial Assets at Fair Value through Profit or Loss”, “Financial assets available for sale”, “Loans and receivables” or “Held-to-Maturity Investments”. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires, (a) accounting of the asset when acquired by the entity and (b) disposing of the asset out of the balance sheet on the date settled by the entity; and accounting of gain or loss on disposal as of the same date. In applying settlement date accounting, the entity accounts for the changes that occur in the fair value of the asset in the period between the commercial transaction date and settlement date.

The fair value of marketable securities is the market price. The market price of marketable securities traded in stock exchange is the weighted average of their trading price at the market. If marketable securities are not traded in stock exchange, the market price for TL marketable securities are considered as the closing price announced by the Central Bank, and for Eurobonds as the average of buy and sell price in Bloomberg.

Financial Assets at Fair Value through Profit and Loss

Financial Assets at Fair Value through Profit and Loss are divided in two sub-categories: “Financial assets held for trading” and “Financial assets designated upon initial recognition as at fair value through profit or loss”. Financial assets held for trading are acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking. The financial assets held for trading are recognized as at their fair value and are measured with their fair value following their recognition. Gains and losses upon valuation are included in profit and loss accounts.

The amortized cost of financial assets held for trading with maturity are reflected in “Interest Income on Securities”. The positive difference between this interest and the price calculated with fair value method is recorded as “Profits on Purchases/Sales of Marketable Securities” and the negative difference as “Loss on Purchases/Sales of Marketable Securities”. The profit shares are recorded in dividend income. Financial assets designated as financial assets at fair value through profit or loss" is used for the financial assets that are needed to be classified within the scope of Financial Instruments: Accounting and Measurement Accounting Standards in Turkey (TAS 39) in order to have a more proper demonstration even if they were not purchased for trading purposes.

Financial Assets Available for Sale

Financial assets available for sale are comprised of financial assets other than “Loan and receivables”, “Held-to-maturity investments”, “Financial assets at fair value through profit or loss” and non-derivative financial instruments. Financial assets available for sale are recorded at their fair value including related purchase costs plus the transaction costs.

Discounts and premiums of the financial assets available for sale are taken into account on the amortized cost calculation and are recorded in income statement as a part of interest rate.

Amortized cost of financial assets available for sale are recorded in profit and loss as interests from marketable securities. The differences between the fair value and amortized cost, are recorded in “Security valuation differences”, under equity. When financial assets available for sale are sold, all fair value differences accumulated under equity are reflected in income statement.

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XXVII. Explanations on Prior Period Accounting Policies not Valid for the Current Period (continued)

Held-to-Maturity Investments

Held-to-maturity investments are the financial assets that will be held until the maturity date, for which all requirements are fulfilled to hold till the maturity date including funding capability. They have fixed or determinable payments and fixed maturities. Held-to-maturity investments are firstly recorded by adding the transaction costs to the purchase price which reflect their fair value.

After initial recognition, held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

There are no financial assets that have been previously classified as held to maturity investments but cannot be currently classified as held to maturity for two years due to “tainting” rule.

The Bank classifies its marketable securities as referred to above at the acquisition date of related assets.

Loans and Receivables

Loans are non-derivative financial assets to fund borrowers with fixed or determinable payment terms which are not traded on an active market and are not classified as trading or held for sale.

The Bank initially records loans and receivables at cost. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

The effective interest rate for a loan is the rate that equals the expected cash flows of principal and interest to the loan allocation amount.

Provision is set for the loans that may be doubtful and the amount is charged in the current period income statement. The provisioning criteria for loans under follow-up are determined by the Bank’s management for compensating the probable losses of the current loan portfolio, by evaluating the quality of loan portfolio, risk factors and considering the economic conditions, other facts and related regulations.

All collected expenses and commissions related with cash loans are rediscounted with the effective interest rate.

Specific reserves are provided for Group III, IV and V loans in accordance with the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No. 26333 dated 1 November 2006. These provisions are reflected in the income statement under “Provision and Impairment Expenses - Special Provision Expense”. The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables. The collections regarding the provisions provided in the current period are reversed from the “Provision for Loan Losses and Other Receivables” account in the income statement, and related interest income is credited to the “Interest Received from Loans under Follow-up” account.

Current period provisions are booked in “Provision for Loan Losses and Other Receivables” account. If the provisions for the receivables that had been realized in earlier periods are collected in current year, reversals of specific provisions are booked in “Other Operating Income”. Income realized through the sale of loans under follow-up are booked in “Other Operating Income” account.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; the Bank reserves general loan loss provision for loans and other receivables.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Shareholders’ Equity

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 30 June 2018, Bank’s total capital has been calculated as TL11,934,579 (31 December 2017: TL10,913,093) and capital adequacy ratio is 15.10% (31 December 2017: 16.12%). Capital adequacy ratio was calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

The credit risk of banking accounts has been calculated by using the “Standard Approach”, the market risk of purchase and sale accounts by using the “Standard Method”, counterparty credit risk of derivative and repo transactions by using the “Fair Value Method”, credit valuation adjustments of over counter derivative transactions by using the “Standard Model” and operational risk by using the “Basic Indicator Approach”.

Information related to the Components of Shareholders' Equity:

	Current Period	Amount related to
	30.06.2018	treatment before
		01.01.2014(*)
Common Equity Tier 1 Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	6,473,818	
Gains Recognized in Equity as per TAS		
Profit	732,701	
Current Period Profit	723,204	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
Common Equity Tier 1 Capital Before Deductions	9,614,263	
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	127,847	
Leasehold Improvements on Operational Leases	43,241	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	90,085	90,085
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4th paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions from Common Equity Tier 1 Capital	682,297	
Total Common Equity Tier 1 Capital	8,931,966	

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I. Explanations Related to Components of Shareholders' Equity (continued)

Information related to the Components of Shareholders' Equity: (continued)

	Current Period	Amount related to
	30.06.2018	treatment before
		01.01.2014(*)
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier 1 Capital before deductions	-	
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment on its own Tier 1 Capital	-	
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
Items to be deducted from Tier I Capital during the Transition Period	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
Total Deductions from Additional Tier 1 Capital	-	
Total Additional Tier 1 Capital	-	
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	8,931,966	
TIER 2 CAPITAL		
Debt instruments and premiums approved by BRSA	2,112,188	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	297,167	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	603,479	
Tier 2 Capital Before Deductions	3,012,834	
Deductions From Tier 2 Capital		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	
Other Items Determined by BRSA (-)	-	
Total Deductions From Tier 2 Capital	-	
Total Tier 2 Capital	3,012,834	
Total Capital (The sum of Tier 1 and Tier 2 Capital)	11,944,800	

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I. Explanations Related to Components of Shareholders’ Equity (continued)

Information related to the Components of Shareholders’ Equity: (continued)

	Current Period 30.06.2018	Amount related to treatment before 01.01.2014(*)
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	10,217	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	
Other items to be defined by the BRSA (-)	4	
Items to be deducted from the sum of Tier I and Tier II Capital (“Capital”) during the Transition Period		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
TOTAL CAPITAL		
Total Capital	11,934,579	
Total Risk Weighted Assets	79,059,183	
Capital Adequacy Ratios		
Common Equity Tier 1 Capital Adequacy Ratio (%)	11.30	
Tier 1 Capital Adequacy Ratio (%)	11.30	
Capital Adequacy Ratio (%)	15.10	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	1.88	
a) Capital conservation buffer requirement (%)	1.88	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	3.41	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	81,640	
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	131,376	
Limits related to provisions considered in Tier 2 Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,099,961	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	603,479	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	276,947	

(*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.

(**) The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 has been deducted.

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I. Explanations Related to Components of Shareholders’ Equity (continued)

Information related to the Components of Shareholders’ Equity: (continued)

	Prior Period 31.12.2017	Amount related to treatment before 01.01.2014(*)
Common Equity Tier 1 Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	5,414,198	
Gains Recognized in Equity as per TAS	-	
Profit	1,078,336	
Current Period Profit	1,068,839	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
Common Equity Tier 1 Capital Before Deductions	8,900,278	
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	31,549	
Leasehold Improvements on Operational Leases	56,452	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	92,241	92,241
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4th paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions from Common Equity Tier 1 Capital	601,366	
Total Common Equity Tier 1 Capital	8,298,912	

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Information related to the Components of Shareholders’ Equity: (continued)

	Prior Period	Amount related to
	31.12.2017	treatment before
		01.01.2014(*)
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums		-
Debt instruments and premiums approved by BRSA		-
Debt instruments and premiums approved by BRSA(Temporary Article 4)		-
Additional Tier 1 Capital before deductions		-
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment on its own Tier 1 Capital		-
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation		-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital		-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital		-
Other Items Determined by BRSA		-
Items to be deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)		-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)		-
The amount to be deducted from Additional Tier 1 Capital (-)		-
Total Deductions from Additional Tier 1 Capital		-
Total Additional Tier 1 Capital		-
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	8,298,912	
TIER 2 CAPITAL		
Debt instruments and premiums approved by BRSA	1,799,486	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	245,824	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	576,339	
Tier 2 Capital Before Deductions	2,621,649	
Deductions From Tier 2 Capital		
Bank's direct or indirect investment on its own Tier 2 Capital (-)		-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation		-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)		-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital		-
Other Items Determined by BRSA (-)		-
Total Deductions From Tier 2 Capital		-
Total Tier 2 Capital	2,621,649	
Total Capital (The sum of Tier 1 and Tier 2 Capital)	10,920,561	

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I. Explanations Related to Components of Shareholders’ Equity (continued)

Information related to the Components of Shareholders’ Equity: (continued)

	Prior Period 31.12.2017	Amount related to treatment before 01.01.2014(*)
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	7,462	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	
Other items to be defined by the BRSA (-)	6	
Items to be deducted from the sum of Tier I and Tier II Capital (“Capital”) during the Transition Period		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
TOTAL CAPITAL		
Total Capital	10,913,093	
Total Risk Weighted Assets	67,715,955	
Capital Adequacy Ratios		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.26	
Tier 1 Capital Adequacy Ratio (%)	12.26	
Capital Adequacy Ratio (%)	16.12	
BUFFERS		
Total buffer requirement (%)	1.25	
Capital conservation buffer requirement (%)	1.25	
Bank specific counter-cyclical buffer requirement (%)	-	
The ratio of Additional Common Equity Tier 1 capital to Risk Weighted Assets calculated based on the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers (%)	5.00	
Amounts below deduction thresholds		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	52,080	
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	69,095	
Limits related to provisions considered in Tier 2 Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	576,339	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	576,339	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.

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I. Explanations Related to Components of Shareholders' Equity (continued)

Information related to the Components of Shareholders' Equity: (continued)

	T	T-1	T-2	T-3	T-4
CAPITAL ITEMS					
Common Equity Tier 1 Capital	8,931,966	8,589,838	-	-	-
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	8,655,019	8,312,891	-	-	-
Tier 1 Capital	8,931,966	8,589,838	-	-	-
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	8,655,019	8,312,891	-	-	-
Capital	11,934,579	11,309,386	-	-	-
Capital where the transition impact of TFRS 9 has not been applied (c)	11,934,579	11,309,386	-	-	-
TOTAL RISK WEIGHTED ASSETS					
Total Risk Weighted Assets	79,059,183	73,653,190	-	-	-
CAPITAL ADEQUACY RATIOS					
Common Equity Tier 1 Capital Adequacy Ratio (%)	11.30	11.66	-	-	-
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	10.95	11.29	-	-	-
Tier 1 Capital Adequacy Ratio (%)	11.30	11.66	-	-	-
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	10.95	11.29	-	-	-
Capital Adequacy Ratio (%)	15.10	15.35	-	-	-
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	15.10	15.35	-	-	-
LEVERAGE RATIO					
Leverage Ratio Total Risk Amount	144,620,558	132,121,132	-	-	-
Leverage Ratio	6.18%	6.50%	-	-	-
FTA not Applied Leverage Ratio (d)	5.98%	6.29%	-	-	-

Basic information for the TFRS 9 transition process

- a: Common equity tier 1 capital if temporary article 5 of the Regulation on equities of banks has not applied.
b: Tier 1 capital if temporary article 5 of the Regulation on equities of banks has not applied.
c: Total capital if temporary article 5 of the Regulation on equities of banks has not applied.
ç: Capital adequacy ratios calculated with capital items if temporary article 5 of the Regulation on banks has not applied.
d: The leverage ratio calculated with capital items if temporary article 5 of the Regulation on banks has not applied.

Explanations on Reconciliation of Capital Items to Balance Sheet:

Total Capital per Balance Sheet	9,606,196
Hedging Funds (effective portion)	(382,914)
Deductions Made Under Regulation	(568,263)
Transition Impact of TFRS 9 (Temporary 5 th Article)	276,947
Common Equity Tier 1 Capital	8,931,966
Additional Tier 1 Capital	-
Tier 1 Capital	8,931,966
General Provisions	603,479
Bank's Borrowing Instruments	2,409,355
Deductions Made Under Regulation	(10,221)
Total Equity	11,934,579

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I. Explanations Related to Components of Shareholders’ Equity (continued)

Information related to debt instruments included in equity calculation

All of the debt instruments included in equity calculation are issued by the Bank.

Issuer	TEB	TEB	TEB	TEB
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS0700889081	XS0808626013	XS0780562665	XS1845118865
Governing law(s) of the debt instrument	Turkey	Turkey	Turkey	Turkey
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	Yes	No
Eligible at solo/ group/ group and solo	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	914.7	532.2	297.2	665.3
Par value of debt instrument (TL Currency in mil)	931.4	532.2	297.2	665.3
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	04.11.2011	20.07.2012	14.05.2012	27.06.2018
Perpetual or dated	Time	Time	Time	Time
Original maturity date	04.11.2023	20.07.2024	14.05.2024	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	04.11.2018	20.07.2019	14.05.2019	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	Euribor+4.75%	Euribor+4.75%	LIBOR+5.75%	Euribor+5.10%
Existence of a dividend stopper	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Nil	Nil	Nil	Nil
Convertible or non-convertible				
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to the debt instrument)	deposit and other receivables	deposit and other receivables	deposit and other receivables	deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Not Possess	Possess
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	Article 8/2 (ğ)	-

(*) Under article 8/2 in subsection (ğ) mechanism of write-down or conversion to common shares are stated.

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II. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate changes in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions, which are followed up daily. Any possible value changes in the foreign currency transactions in the Bank’s positions are also monitored.

As an element of the Bank’s risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

Asset Liability Management and Treasury Department of the Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Bank’s Asset-Liability Committee on a weekly basis.

As of 30 June 2018, the Bank’s balance sheet short position is TL11,036,906 (31 December 2017: TL10,327,088 short position), off-balance sheet long position is TL10,317,106 (31 December 2017: TL10,443,721 long position) and as a result foreign currency net short position is TL719,800 (31 December 2017: net TL116,633 long position).

The announced current foreign exchange buying rates of the Bank at 30 June 2018 and the previous five working days in full TL are as follows:

	25.06.2018	26.06.2018	27.06.2018	28.06.2018	29.06.2018	30.06.2018
USD	4.6849	4.6336	4.5885	4.5820	4.5718	4.5718
JPY	0.0428	0.0422	0.0416	0.0415	0.0413	0.0413
EUR	5.4729	5.4019	5.3258	5.3073	5.3220	5.3220

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 30 June 2018 are as follows:

	Monthly Average Foreign Exchange Rate
USD	4.6032
JPY	0.0419
EUR	5.3835

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II. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

The table below shows the Bank’s distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Bank also monitors the delta-adjusted position of the option transactions. As of 30 June 2018, the Bank has net USD long position TL70,534 and net EUR long position TL43,072.

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	3,457,014	6,479,386	2,071,118	12,007,518
Banks	1,023,935	855,632	826,261	2,705,828
Financial Assets at Fair Value through Profit and Loss	6,496	255,061	-	261,557
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	280	264,226	14,912	279,418
Loans (**)	11,634,451	3,997,104	1,931,608	17,563,163
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-
Derivative Financial Assets for Hedging Purposes	403	-	-	403
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (*****)	188,292	38,926	5,095	232,313
Total Assets	16,310,871	11,890,335	4,848,994	33,050,200
Liabilities				
Bank Deposits	201,243	480,149	9,202	690,594
Foreign Currency Deposits (*)	7,461,575	15,725,002	2,178,339	25,364,916
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	8,021,378	5,695,580	3,243,723	16,960,681
Securities Issued	26,710	-	-	26,710
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	2,020	-	-	2,020
Other Liabilities (***)	747,233	191,629	103,323	1,042,185
Total Liabilities	16,460,159	22,092,360	5,534,587	44,087,106
Net Balance Sheet Position	(149,288)	(10,202,025)	(685,593)	(11,036,906)
Net Off-Balance Sheet Position	(327,029)	9,961,917	682,218	10,317,106
Financial Derivative Assets (****)	10,301,099	37,454,973	1,921,989	49,678,061
Financial Derivative Liabilities (****)	10,628,128	27,493,056	1,239,771	39,360,955
Non-Cash Loans (*****)	6,224,772	5,617,370	838,335	12,680,477
Prior Period				
Total Assets	13,366,058	9,272,895	4,377,366	27,016,319
Total Liabilities	13,737,964	19,227,173	4,378,270	37,343,407
Net Balance Sheet Position	(371,906)	(9,954,278)	(904)	(10,327,088)
Net Off-Balance Sheet Position	44,990	10,424,488	(25,757)	10,443,721
Financial Derivative Assets (****)	8,924,989	26,256,628	863,476	36,045,093
Financial Derivative Liabilities (****)	8,879,999	15,832,140	889,233	25,601,372
Non-Cash Loans (*****)	6,050,326	5,487,498	252,325	11,790,149

(*) Precious metal accounts amounting to TL863,534 (31 December 2017: TL692,499) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TL2,059,049 (31 December 2017: TL2,801,409) are included in the loan portfolio. The non-performing loans and the provision provided for expected credit losses are not included.

(***) TL69,240 (31 December 2017: TL78,260) expense accruals from derivative financial instruments are deducted from other liabilities.

(****) Forward asset and marketable securities purchase-sale commitments of TL2,408,698 (31 December 2017: TL2,363,470) are added to derivative financial assets and TL2,347,089 (31 December 2017: TL2,554,736) has been added to derivative financial liabilities.

(*****) TL125,341 (31 December 2017: TL62,873) income accruals from derivative financial instruments is deducted from other assets.

(*****) There are no effects on the net off-balance sheet position.

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III. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank’s position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

The priority of the risk management department is to protect from interest rate volatility. Duration, maturity and sensitivity analysis performed within this context are calculated by the risk management department and reported to the Liquidity Risk and Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank.

The Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

Since the Bank does not allow maturity mismatches or imposes limits on mismatch, no significant interest rate risk exposure is expected.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	11,126,969	-	-	-	-	2,266,659	13,393,628
Banks	3,161,211	-	-	-	-	1,294,661	4,455,872
Financial Assets at Fair Value Through Profit and Loss	3,260	192,256	13,646	417,563	258,329	81,776	966,830
Money Market Placements	488,093	-	-	-	-	-	488,093
Financial Assets at Fair Value Through Other Comprehensive Income	953,310	139,481	1,110,286	938,517	378,766	5,610	3,525,970
Loans (*)	16,204,369	3,444,035	15,273,880	28,374,833	5,712,668	739,248	69,749,033
Financial Assets Measured at Amortized Cost	43,577	745,697	1,900,570	-	-	-	2,689,844
Other Assets	17,142	105,696	415,661	893,369	32,464	3,964,296	5,428,628
Total Assets	31,997,931	4,627,165	18,714,043	30,624,282	6,382,227	8,352,250	100,697,898
Liabilities							
Bank Deposits	853,837	-	-	-	-	217,807	1,071,644
Other Deposits	41,176,239	8,888,882	2,361,704	817	-	12,293,143	64,720,785
Money Market Borrowings	79,778	-	-	-	-	-	79,778
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	633,517	910,916	439,565	-	-	-	1,983,998
Funds Provided From Other Financial Institutions	5,007,556	5,480,941	5,783,309	230,218	665,603	-	17,167,627
Other Liabilities	144,936	19,969	27,136	446,867	2,938	15,032,220	15,674,066
Total Liabilities	47,895,863	15,300,708	8,611,714	677,902	668,541	27,543,170	100,697,898
Balance Sheet Long Position	-	-	10,102,329	29,946,380	5,713,686	-	45,762,395
Balance Sheet Short Position	(15,897,932)	(10,673,543)	-	-	-	(19,190,920)	(45,762,395)
Off-Balance Sheet Long Position	11,038,169	973,601	-	-	-	-	12,011,770
Off-Balance Sheet Short Position	-	-	(5,179,257)	(6,166,452)	(307,970)	-	(11,653,679)
Total Position	(4,859,763)	(9,699,942)	4,923,072	23,779,928	5,405,716	(19,190,920)	358,091

(*) Revolving loans amounting to TL7,430,588 are included in “Up to 1 Month”.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL244,648 intangible assets amounting to TL517,994, subsidiaries amounting to TL115,986 and entities under common control (joint vent.) amounting to TL5, assets held for sale amounting to TL126,004 while other liabilities line includes the shareholders’ equity of TL9,606,196.

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III. Explanations Related to Interest Rate Risk (continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates): (continued)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	8,936,275	-	-	-	-	2,039,497	10,975,772
Banks	1,611,119	-	-	-	-	902,218	2,513,337
Financial Assets at Fair Value Through Profit and Loss	116,906	75,855	99,297	350,591	70,741	692,814	1,406,204
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	401,236	873,755	2,226,778	1,080,632	55,769	57,294	4,695,464
Loans (*)	15,311,197	3,700,898	11,301,111	25,740,100	6,530,415	707,056	63,290,777
Financial Assets Measured at Amortized Cost	40,737	112,666	248,451	-	-	-	401,854
Other Assets	77,090	4,454	2,115	3,616	-	2,387,546	2,474,821
Total Assets	26,494,560	4,767,628	13,877,752	27,174,939	6,656,925	6,786,425	85,758,229
Liabilities							
Bank Deposits	258,821	-	-	-	-	20,549	279,370
Other Deposits	38,326,928	6,231,923	1,253,745	773	120	9,483,857	55,297,346
Money Market Borrowings	105,206	-	-	-	-	-	105,206
Miscellaneous Payables	-	-	-	-	-	1,439,685	1,439,685
Securities Issued	-	992,862	296,826	-	-	-	1,289,688
Funds Provided From Other Financial Institutions	3,251,295	3,308,342	8,403,975	117,483	-	-	15,081,095
Other Liabilities	176,173	60,976	88,843	341,361	2,274	11,596,212	12,265,839
Total Liabilities	42,118,423	10,594,103	10,043,389	459,617	2,394	22,540,303	85,758,229
Balance Sheet Long Position	-	-	3,834,363	26,715,322	6,654,531	-	37,204,216
Balance Sheet Short Position	(15,623,863)	(5,826,475)	-	-	-	(15,753,878)	(37,204,216)
Off-Balance Sheet Long Position	9,149,837	69,037	-	-	-	-	9,218,874
Off-Balance Sheet Short Position	-	-	(1,657,178)	(7,347,502)	(161,330)	-	(9,166,010)
Total Position	(6,474,026)	(5,757,438)	2,177,185	19,367,820	6,493,201	(15,753,878)	52,864

(*) Revolving loans amounting to TL7,128,307 are included in "Up to 1 Month", income accrual of TL99 due to changes in the fair value of the loans hedged is presented in "1-3 Months" maturity schedule.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL271,622, intangible assets amounting to TL519,770, subsidiaries amounting to TL115,986 and entities under common control (joint vent.) amounting to TL5, assets held for sale amounting to TL90,677 while other liabilities line includes the shareholders' equity of TL9,019,677.

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III. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	YEN %	TL %
End of Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.50	-	7.00
Banks	(0.44)	1.90	-	18.70
Financial Assets at Fair Value Through Profit and Loss	2.48	6.40	-	17.16
Money Market Placements	-	-	-	17.75
Financial Assets at Fair Value Through Other Comprehensive Income	2.60	6.80	-	17.80
Loans	3.19	5.10	4.50	17.19
Financial Assets Measured at Amortized Cost	-	-	-	15.34
Liabilities				
Bank Deposits	-	2.00	-	8.99
Other Deposits	1.30	3.46	1.73	16.26
Money Market Borrowings	-	-	-	17.84
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	14.75
Funds Provided From Other Financial Institutions	1.45	3.60	-	6.74
	EUR %	USD %	YEN %	TL %
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.50	-	4.00
Banks	(0.45)	1.25	-	12.78
Financial Assets at Fair Value Through Profit and Loss	1.99	4.78	-	13.83
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	0.99	4.87	-	13.02
Loans	3.18	4.54	4.95	15.30
Financial Assets Measured at Amortized Cost	-	-	-	15.49
Liabilities				
Bank Deposits	-	-	-	4.11
Other Deposits	1.40	3.20	1.41	13.45
Money Market Borrowings	-	-	-	12.26
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	13.93
Funds Provided From Other Financial Institutions	1.28	3.09	-	6.68

IV. Explanations Related to Equity Share Position Risk in Banking Accounts

Equity securities which are not publicly traded are booked as their fair value, or otherwise booked as their cost value if calculation of fair value is not determined properly.

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V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio

- a) Information on liquidity risk management, such as the Bank's risk capacity, responsibilities and the structure of liquidity risk management, Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The Asset-Liability Management and Treasury Group is responsible for monitoring the Bank's current liquidity position and for complying with liquidity limits approved by the Board of Directors. After evaluating the liquidity position, the Asset-Liability Management and Treasury Group uses authorized products to provide sufficient liquidity based on liquidity position.

Responsibilities for liquidity management are described in the Liquidity Risk Policy which is reviewed and approved by the Board of Directors annually. The various responsibilities have been shared among the appropriate departments and committees as outlined in duty descriptions. While the Asset-Liability Management and Treasury Group alone is responsible for managing liquidity and for developing short-term liquidity estimates, the Asset-Liability Management and Treasury Group works with the Asset-Liability Management Committee to jointly developing/setting short-term liquidity strategies and middle and long term liquidity estimates. The Asset-Liability Management Committee is responsible for developing/setting middle and long term liquidity strategies.

The Risk Management Group monitors daily all set liquidity risk limits, and periodically reports internal and legal liquidity rates and changes to the Audit Committee and Board of Directors, in addition to providing daily reports to senior management. Information about the Bank's liquidity structure and policies is provided to the relevant business lines at an Assets-Liabilities Committee meeting which is held every couple of weeks, and at a Liquidity Risk Committee meeting which is held monthly.

- b) Information on the centralization degree of liquidity management and funding strategy and on operations between the Bank and its partnerships:

The Asset-Liability Management and the Treasury Group manage the Bank's liquidity risk and performs this role only for the Bank. Liquidity gap values are monitored within the limits set by the Board of Directors and for compliance with these limits, the necessary debt instruments are used, while considering price and maturity structure. Our subsidiaries manage their own liquidity, and we provide them borrowing facilities within market conditions and legal limits.

- c) Information about the Bank's funding strategy including the policies on funding types and variety of maturities:

While the Bank tries to diversify its funding resources, it also tries to extend its payment terms. Customer deposits are the Bank's main funding resource. Our main strategy for deposit management is to be inclusive while extending the average maturity. In addition to borrowings from money markets and collecting deposit, the Bank uses instruments such as long-term syndicated loans, securities issued in TL, and foreign currency to diversify funding resources.

- d) Information on liquidity management based on currency which consists of a minimum of 5% of the Bank's total liabilities:

Excluding TL, USD and EUR, there is no foreign currency which exceeds 5% of total liabilities. For these currencies, liquidity gaps are reported on a monthly basis and the liquidity coverage ratio is calculated daily for TL and foreign currency. The Asset-Liability Management and Treasury Group is responsible for taking the necessary steps to keep ratios within the limits determined by the Board of Directors. Trend of these ratios are monitored on a monthly basis by the Liquidity Risk Committee which includes the General Manager, Assistant General Manager Responsible from Financial Affairs Group, Group Risk Chief Officer, and the Assistant General Manager in charge of the Asset-Liability Management and Treasury Group. Furthermore, senior management is periodically informed about the relevant ratios.

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V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

e) Information on liquidity risk mitigation techniques:

The Bank's main liquidity management strategy is to diversify funding resources and extend the maturity structure. The

Bank's balance sheet liquidity risk is periodically measured by Assets-Liabilities management and closely monitored with the Treasury. In accordance with market expectations, the Asset-Liability Management and Treasury Group carries out the actions necessary to minimize risk.

Within this framework, the Bank's liquidity risk is attempted to manage efficiently by long-term structural changes (such as diversifying funding sources, extending maturity structure etc.) and short and mid-term money market and derivative transactions.

In the short term, liquidity risk is minimized with FC swaps, interbank borrowings and repurchase agreements, while cross currency swap and interest rate swap transactions are used to minimize these risks in the long term.

f) Explanations on the usage of the stress test:

The aim of the liquidity stress test is to analyze how liquidity squeeze affects bank liquidity. Cash inflows and outflows which may arise in cases of stress event are analyzed based on products with different maturities. Stress events which may arise as a result of the liquidity squeeze, both in the Bank and in the whole banking system, in cases of stress event are analyzed. Also, situations where the two scenarios might coincide are considered. The analysis addresses how much of the net cash outflows of different maturities would be covered by the current liquid stock during all relevant stress events.

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine:

- Whether the liquidity problem is specific to the Bank or applies to the whole banking system and
- Whether there is a permanent or temporary problem.

Profitability has second degree importance in extraordinary liquidity conditions. In cases of cash shortage or cash withdrawal, the branches are responsible for informing the Asset-Liability Management and Treasury Group about withdrawn liabilities. The Asset-Liability Management and Treasury Group takes the necessary actions to cover the cash outflow which may occur in the accounts and informs the Asset-Liability Committee of any related delays.

In a liquidity crisis, the Asset-Liability Management and Treasury Group, the Assets-Liabilities Committee, the Liquidity Risk Committee, senior management, and the Board of Directors are responsible for solving the liquidity problem. It is predicted that, in a liquidity crisis, in order to create additional liquidity, written actions (considering the cost) must be taken within current market conditions.

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V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio:

		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
		TL+FC	FC	TL+FC	FC
Current Period – 30 June 2018					
High Quality Liquid Assets					
1	High Quality Liquid Assets			19,453,643	11,621,024
Cash Outflows					
2	Real Person and Retail Deposits	40,894,409	16,111,150	3,727,867	1,611,115
3	Stable Deposits	7,231,476	-	361,574	-
4	Less Stable Deposits	33,662,933	16,111,150	3,366,293	1,611,115
5	Unsecured Debts Other than Real Person and Retail Deposits	22,166,353	11,828,018	12,180,178	7,224,796
6	Operational Deposits	83,148	-	20,787	-
7	Non-Operational Deposits	17,665,193	8,636,650	7,765,486	4,033,428
8	Other Unsecured Funding	4,418,012	3,191,368	4,393,905	3,191,368
9	Secured Funding	-	-	-	-
10	Other Cash Outflows	1,439,620	6,787,303	1,439,620	6,787,303
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	1,439,620	6,787,303	1,439,620	6,787,303
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	29,575,665	9,845,815	2,418,111	963,857
16	Total Cash Outflows			19,765,776	16,587,071
Cash Inflows					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	11,056,066	5,395,918	8,318,397	4,351,566
19	Other cash Inflows	893,606	12,814,882	893,606	12,814,882
20	Total Cash Inflows	11,949,672	18,210,800	9,212,003	17,166,448
Values to which the upper limit is applied					
21	Total High Quality Liquid Assets			19,453,643	11,621,024
22	Total Net Cash Outflows			10,553,773	4,146,768
23	Liquidity Coverage Ratio (%)			184.33	280.24

(*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

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V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio: (continued)

Prior Period - 31 December 2017		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
		TL+FC	FC	TL+FC	FC
High Quality Liquid Assets					
1	High Quality Liquid Assets			15,637,407	9,176,269
Cash Outflows					
2	Small Business Customers and Retail Deposits	35,487,852	14,376,874	3,198,478	1,437,687
3	Stable Deposits	7,006,143	-	350,307	-
4	Less Stable Deposits	28,481,709	14,376,874	2,848,171	1,437,687
5	Unsecured Debts Other than Real Person and Retail Deposits	17,773,537	9,224,213	9,268,967	5,317,097
6	Operational Deposits	1,392,091	758,149	348,023	189,537
7	Non-Operational Deposits	14,367,443	7,329,306	6,956,571	3,990,802
8	Other Unsecured Funding	2,014,003	1,136,758	1,964,373	1,136,758
9	Secured Funding				
10	Other Cash Outflows	8,118,155	5,689,887	8,118,155	5,689,887
11	Outflows Related to Derivative Exposures and Other Collateral Requirements	8,118,155	5,689,887	8,118,155	5,689,887
12	Outflows Related to Restructured Financial Instruments	-	-	-	-
13	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments and Contractual Obligations	-	-	-	-
15	Other Irrevocable or Conditionally Revocable Off-Balance Sheet Obligations	28,632,503	10,121,458	2,247,325	946,802
16	Total Cash Outflows			22,832,925	13,391,473
Cash Inflows					
17	Secured Liabilities	-	-	-	-
18	Unsecured Liabilities	8,201,020	3,647,482	5,757,090	2,850,708
19	Other Cash Inflows	7,593,633	13,285,978	7,593,633	13,285,978
20	Total Cash Inflows	15,794,653	16,933,460	13,350,723	16,136,686
Values to which the upper limit is applied					
21	Total High Quality Liquid Assets			15,637,407	9,176,269
22	Total Net Cash Outflows			9,482,202	3,347,868
23	Liquidity Coverage Ratio (%)			164.91	274.09

(*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

The amount of high quality liquid assets, distribution of deposits based on segment, maturity types of borrowings and the share of revolving loans in loan portfolio can be considered as the most important factors affecting liquidity coverage ratio.

High quality liquid assets in order of their priority consist of the time accounts, bond portfolio, reserve deposit and cash. Funding sources consists of corporate customer deposits, real person deposits, borrowings and SME deposit accounts which are weighted by ratios used in Liquidity Coverage Ratio reporting considering their maturity types. Due to amount differences between buy and sell transactions, derivative products effects more FC Liquidity Coverage Ratio rather than the total. Besides, cash outflows due to withdrawal of the collaterals securing derivatives and market valuation changes on derivative transactions are considered in calculations.

There are concentration limits on funding sources approved by Board of Directors. Diversification of funding base of deposits, funding from Group, borrowing, repo and other long term liabilities; and funding limits by product type are monitored and reported.

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V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio: (continued)

Liquidity management of subsidiaries are managed by individual legal entities. Although liquidity coverage ratio is reported on a basis, there is no centralized liquidity management system. Finally, there is no other significant cash inflow or outflow item which are not required by section two of communiqué.

The weeks with lowest and highest liquidity coverage ratio for the last three months calculated by using weekly simple arithmetic averages are presented below:

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
Lowest Week	158.45%	258.78%	129.25%	204.11%
	20.04.2018	13.04.2018	13.10.2017	27.10.2017
Highest Week	229.14%	302.86%	212.83%	337.96%
	18.05.2018	25.05.2018	15.12.2017	15.12.2017

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,266,659	11,126,969	-	-	-	-	-	13,393,628
Banks	1,294,661	3,161,211	-	-	-	-	-	4,455,872
Financial Assets at Fair Value Through Profit and Loss	-	2,574	-	171,977	450,571	259,932	81,776	966,830
Money Market Placements	-	488,093	-	-	-	-	-	488,093
Financial Assets at Fair Value Through Other Comprehensive Income	5,610	525,435	-	874,995	1,432,666	687,264	-	3,525,970
Loans (**)	-	16,191,526	3,443,503	15,263,915	28,402,727	5,712,668	734,694	69,749,033
Financial Assets Measured at Amortized Cost	-	-	-	-	2,101,003	588,841	-	2,689,844
Other Assets	-	316,967	474,834	1,145,849	1,072,670	32,464	2,385,844	5,428,628
Total Assets	3,566,930	31,812,775	3,918,337	17,456,736	33,459,637	7,281,169	3,202,314	100,697,898
Liabilities								
Bank Deposits	217,807	853,837	-	-	-	-	-	1,071,644
Other Deposits	12,293,143	41,175,037	8,890,084	2,361,704	817	-	-	64,720,785
Funds Provided From Other Financial Institutions	-	4,443,409	5,035,497	4,487,016	764,174	2,437,531	-	17,167,627
Money Market Borrowings	-	79,778	-	-	-	-	-	79,778
Securities Issued	-	633,517	910,916	439,565	-	-	-	1,983,998
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	3,909,660	213,007	841,220	614,575	2,938	10,092,666	15,674,066
Total Liabilities	12,510,950	51,095,238	15,049,504	8,129,505	1,379,566	2,440,469	10,092,666	100,697,898
Liquidity Gap	(8,944,020)	(19,282,463)	(11,131,167)	9,327,231	32,080,071	4,840,700	(6,890,352)	-
Net Off-Balance Sheet Position	-	(869,617)	367,577	918,810	209,942	(8,501)	-	618,211
Financial Derivative Assets	-	25,202,300	10,291,089	26,566,795	14,612,713	726,122	-	77,399,019
Financial Derivative Liabilities	-	26,071,917	9,923,512	25,647,985	14,402,771	734,623	-	76,780,808
Non-Cash Loans	5,866,125	1,516,824	2,194,245	7,470,845	5,400,384	-	-	22,448,423
Prior Period								
Total Assets	2,999,009	26,131,159	3,916,772	12,292,976	30,075,541	7,251,412	3,091,360	85,758,229
Total Liabilities	9,504,406	44,075,226	9,899,592	8,785,739	1,140,587	2,317,229	10,035,450	85,758,229
Liquidity Gap	(6,505,397)	(17,944,067)	(5,982,820)	3,507,237	28,934,954	4,934,183	(6,944,090)	-
Net Off-Balance Sheet Position	-	(112,505)	(104,333)	230,224	81,010	(2,254)	-	92,142
Financial Derivative Assets	-	19,107,247	9,546,026	16,619,829	12,584,766	396,328	-	58,254,196
Financial Derivative Liabilities	-	19,219,752	9,650,359	16,389,605	12,503,756	398,582	-	58,162,054
Non-Cash Loans	5,544,145	1,011,848	2,529,575	6,556,744	4,940,070	-	-	20,582,382

(*) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and loans under follow-up, are classified as under undistributed.

(**) Revolving loans amounting to TL7,430,588 (31 December 2017: TL7,128,307) are included in “Up to 1 Month”.

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VI. Explanations Related to Leverage Ratio

a) Information on issues that cause differences between current period and previous period leverage ratios:

There is a decrease in the leverage ratio in line with the increase in cash and non-cash loan portfolio.

b) Leverage ratio:

Assets on the Balance Sheet	Current Period(*)	Prior Period(*)
1 Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	96,777,589	84,431,610
2 (Assets Deducted from Core Capital)	(554,448)	(549,525)
3 Total Risk Amount for Assets on the Balance Sheet	96,223,141	83,882,085
Derivative Financial Instruments and Credit Derivatives		
4 Renewal Cost of Derivative Financial Instruments and Loan Derivatives	2,641,814	1,391,857
5 Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	921,997	698,335
6 Total Risk Amount of Derivative Financial Instruments and Loan Derivatives	3,563,811	2,090,192
Financing Transactions With Securities Or Goods Warranties		
7 Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet)	-	-
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	-	-
Off-the-Balance Sheet Transactions		
10 Gross Nominal Amount of the Off-Balance Sheet Transactions	43,720,183	40,298,665
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-Balance Sheet Transactions	43,720,183	40,298,665
Capital and Total Risk		
13 Tier 1 Capital	8,811,375	8,253,609
14 Total Risk Amount	143,507,135	126,270,942
Leverage Ratio		
15 Leverage Ratio	6.14%	6.54%

(*) The amounts in the table are calculated by using the quarterly average amounts.

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VII. Explanations Related to Risk Management

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented within the scope of internal rating based approach have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Bank.

Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minimum capital
	Current Period	Prior Period	Requirement
1 Credit Risk (Excluding Counterparty Credit Risk) (CCR)	66,586,077	58,694,864	5,326,886
2 Of which Standardized Approach (SA)	66,586,077	58,694,864	5,326,886
3 Of which Internal Rating-Based (IRB) Approach	-	-	-
4 Counterparty Credit risk	3,848,028	1,558,203	307,842
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	3,848,028	1,558,203	307,842
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity Investment in Funds - Look-Through Approach	-	-	-
9 Equity Investment in Funds - Mandate-Based Approach	-	-	-
10 Equity Investment in Funds - 1250% Weighted Risk Approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization Positions in banking accounts	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	1,229,550	677,913	98,364
17 Of which Standardized approach (SA)	1,229,550	677,913	98,364
18 Of which Internal model approaches (IMM)	-	-	-
19 Operational Risk	7,395,528	6,784,975	591,642
20 Of which Basic Indicator Approach	7,395,528	6,784,975	591,642
21 Of which Standard Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts Below the Thresholds for Deduction (Subject to a 250% Risk Weight)	-	-	-
24 Floor Adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	79,059,183	67,715,955	6,324,734

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VII. Explanations Related to Risk Management (continued)

Credit Quality of Assets

Current Period	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Non-defaulted Exposures		
Loans	2,092,250	70,005,677	2,348,894	69,749,033
Debt Securities	-	6,210,204	1,397	6,208,807
Off-balance sheet exposure	-	43,493,249	119,806	43,373,443
Total	2,092,250	119,709,130	2,470,097	119,331,283

Prior Period	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Non-defaulted Exposures		
Loans	1,946,625	62,586,963	1,242,811	63,290,777
Debt Securities	-	5,040,024	-	5,040,024
Off-balance sheet exposure	-	40,560,656	48,741	40,511,915
Total	1,946,625	108,187,643	1,291,552	108,842,716

Changes in Stock of Defaulted Loans and Debt Securities

1 Defaulted Loans and debt securities at 31 December 2017	1,946,625
2 Loans and debt securities that have defaulted since the last reporting period	842,367
3 Returned to non-defaulted status	2,018
4 Amounts written-off	224,215
5 Other Changes (*)	470,509
6 Defaulted Loans and debt securities at 30 June 2018 (1+2-3-4-5)	2,092,250

(*) Includes collections during the period.

1 Defaulted Loans and debt securities at 31 December 2016	1,771,775
2 Loans and debt securities that have defaulted since the last reporting period	1,416,218
3 Returned to non-defaulted status	12,936
4 Amounts written-off	557,645
5 Other Changes (*)	670,787
6 Defaulted Loans and debt securities at 31 December 2017 (1+2-3-4-5)	1,946,625

(*) Includes collections during the period.

Credit Risk Mitigation Techniques

Current Period	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Debt Securities	6,210,204	-	-	-	-	-	-
Total	52,254,451	12,723,551	9,297,418	11,972,573	8,215,978	-	-
Of which Defaulted	1,943,712	74,755	39,450	73,783	278	-	-

Prior Period	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Debt Securities	5,040,024	-	-	-	-	-	-
Total	47,108,972	11,678,055	9,128,085	9,543,774	8,044,101	-	-
Of which Defaulted	1,768,141	80,620	65,519	97,864	4,849	-	-

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VII. Explanations Related to Risk Management (continued)

Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects (continued)

Current Period	Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
	On- balance sheet amount	Off- balance sheet amount	On- balance sheet amount	Off- balance sheet amount	RWA	RWA density
Asset classes						
Exposures to central governments or central banks	19,301,544	-	25,892,940	50,850	625,273	2%
Exposures to regional governments or local authorities	854,102	8,146	841,325	3,925	422,861	50%
Exposures to public sector entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to institutions	5,787,629	1,273,058	5,196,705	1,283,892	2,289,011	35%
Exposures to corporates	28,051,702	20,132,064	25,934,404	11,490,754	36,662,121	98%
Retail exposures	31,131,598	14,387,523	25,047,931	3,217,543	21,194,900	75%
Exposures secured by residential property	6,592,312	342,336	6,592,312	136,294	2,355,012	35%
Exposures secured by commercial real estate	2,666,513	195,986	2,666,514	102,044	1,384,279	50%
Past-due loans	734,290	72,995	734,012	25,547	802,818	106%
Higher-risk categories by the Agency Board	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
Other assets	2,021,816	7,052,789	2,021,573	2,822	762,416	38%
Investment in equities	87,386	-	87,386	-	87,386	100%
Total	97,228,892	43,464,897	95,015,102	16,313,671	66,586,077	60%

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VII. Explanations Related to Risk Management (continued)

Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects (continued)

Prior Period	Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
	On- balance sheet amount	Off- balance sheet amount	On- balance sheet amount	Off- balance sheet amount	RWA	RWA density
Asset classes						
Exposures to central governments or central banks	15,372,386	-	22,027,652	71,816	388,645	2%
Exposures to regional governments or local authorities	580,509	9,354	580,388	4,348	293,096	50%
Exposures to public sector entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to institutions	4,011,135	1,082,646	3,482,389	970,884	2,055,877	46%
Exposures to corporates	24,444,256	18,942,824	22,177,451	10,732,778	31,983,279	97%
Retail exposures	27,809,715	12,539,446	22,136,890	2,837,952	18,727,671	75%
Exposures secured by residential property	6,943,533	365,715	6,943,534	142,721	2,480,189	35%
Exposures secured by commercial real estate	2,121,479	165,675	2,121,480	84,063	1,102,772	50%
Past-due loans	703,814	86,955	698,966	29,615	954,664	131%
Higher-risk categories by the Agency Board	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
Other assets	1,644,044	7,320,266	1,643,228	2,328	651,377	40%
Investment in equities	57,294	-	57,294	-	57,294	100%
Total	83,688,165	40,512,881	81,869,272	14,876,505	58,694,864	61%

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VII. Explanations Related to Risk Management (continued)

Exposures by asset classes and risk weights

Asset Classes/ Risk Weight (Current Period)	0%	10%	20%	35%	50% (secured by real estate) (*)	75%	100%	150%	200%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
Exposures to central governments or central banks	25,318,517	-	-	-	-	-	625,273	-	-	-	25,943,790
Exposures to regional governments or local authorities	-	-	-	-	844,779	-	471	-	-	-	845,250
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions	-	-	4,324,069	-	1,470,818	-	679,554	6,156	-	-	6,480,597
Exposures to corporates	-	-	186,741	-	1,227,288	-	36,011,129	-	-	-	37,425,158
Retail exposures	-	-	1,262	-	14,236	28,249,783	193	-	-	-	28,265,474
Exposures secured by residential property	-	-	-	6,728,606	-	-	-	-	-	-	6,728,606
Exposures secured by commercial real estate	-	-	-	-	2,768,558	-	-	-	-	-	2,768,558
Past-due loans	-	-	-	-	217,482	-	238,077	304,000	-	-	759,559
Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	87,386	-	-	-	87,386
Other assets	1,239,719	-	27,825	-	-	-	756,851	-	-	-	2,024,395
Total	26,558,236	-	4,539,897	6,728,606	6,543,161	28,249,783	38,398,934	310,156	-	-	111,328,773

(*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

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VII. Explanations Related to Risk Management (continued)

Exposures by asset classes and risk weights (continued)

Asset Classes/ Risk Weight (Prior Period)	0%	10%	20%	35%	50% (secured by real estate) (*)	75%	100%	150%	200%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
Exposures to central governments or central banks	21,710,823	-	-	-	-	-	388,645	-	-	-	22,099,468
Exposures to regional governments or local authorities	-	-	-	-	583,281	-	1,455	-	-	-	584,736
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions	-	-	2,339,664	-	1,054,991	-	1,054,956	3,662	-	-	4,453,273
Exposures to corporates	-	-	508,160	-	1,040,843	-	31,361,226	-	-	-	32,910,229
Retail exposures	-	-	2,344	-	8,849	24,963,489	160	-	-	-	24,974,842
Exposures secured by residential property	-	-	-	7,086,255	-	-	-	-	-	-	7,086,255
Exposures secured by commercial real estate	-	-	-	-	2,205,543	-	-	-	-	-	2,205,543
Past-due loans	-	-	-	-	79,570	-	117,275	531,736	-	-	728,581
Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	57,294	-	-	-	57,294
Other assets	981,095	-	16,355	-	-	-	648,106	-	-	-	1,645,556
Total	22,691,918	-	2,866,523	7,086,255	4,973,077	24,963,489	33,629,117	535,398	-	-	96,745,777

(*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

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VIII. Explanation Related to Credit Risk

Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Replacement cost	Potential future exposure	EEPE(*)	Alpha used for computing regulatory EAD	EAD post CRM	RWA
Standardised Approach - CCR (For Derivatives)	3,042,511	972,066		1.4	3,945,774	2,328,849
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					3,251	1,625
Total						2,330,474

(*) Effective Expected Positive Exposure

Prior Period	Replacement cost	Potential future exposure	EEPE(*)	Alpha used for computing regulatory EAD	EAD post CRM	RWA
Standardised Approach - CCR (For Derivatives)	1,032,519	666,667		1.4	1,681,750	1,007,014
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					5,492	2,746
Total						1,009,760

(*) Effective Expected Positive Exposure

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VIII. Explanation Related to Credit Risk (continued)

Credit valuation adjustment (CVA) capital charge

Current Period	Exposure at default post Credit Risk Mitigation (CRM)	Risk Weighted Assets
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (Including the 3 x multiplier)		-
(ii) Stressed VaR component (Including the 3 x multiplier)		-
All portfolios subject to the Standardised CVA capital charge	3,945,774	1,517,554
Total subject to the CVA capital charge	3,945,774	1,517,554

Prior Period	Exposure at default post Credit Risk Mitigation (CRM)	Risk Weighted Assets
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (Including the 3 x multiplier)		-
(ii) Stressed VaR component (Including the 3 x multiplier)		-
All portfolios subject to the Standardised CVA capital charge	1,681,750	548,443
Total subject to the CVA capital charge	1,681,750	548,443

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VIII. Explanation Related to Credit Risk (continued)

Counterparty Credit Risk (CCR) Exposures by Regulatory Portfolio and Risk Weights:

Regulatory Portfolio / Risk weight (Current Period)	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total Credit Exposures(*)
Claims from central governments and central banks	442	-	-	-	-	-	227,577	-	-	228,019
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organisations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	207,719	-	2,888,635	-	1,330	817	-	3,098,501
Corporates	-	-	605	-	2,473	-	594,207	-	-	597,285
Retail portfolios	-	-	-	-	-	25,220	-	-	-	25,220
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are defined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Investment in Equities	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-	-
Total	442	-	208,324	-	2,891,108	25,220	823,114	817	-	3,949,025

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(**) Other assets: the amounts excludes exposures to Central Counterparty, which are reported in Counterparty Credit Risk.

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VIII. Explanation Related to Credit Risk (continued)

Counterparty Credit Risk (CCR) Exposures by Regulatory Portfolio and Risk Weights (continued)

Regulatory Portfolio / Risk weight (Prior Period)	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total Credit Exposures(*)
Claims from central governments and central banks	-	-	-	-	-	-	17,056	-	-	17,056
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organisations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	154,685	-	1,094,748	-	6,892	1,200	-	1,257,525
Corporates	-	-	472	-	5,441	-	391,301	-	-	397,214
Retail portfolios	-	-	-	-	-	15,447	-	-	-	15,447
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are defined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Investment in Equities	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-	-
Total	-	-	155,157	-	1,100,189	15,447	415,249	1,200	-	1,687,242

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(**) Other assets: the amounts excludes exposures to Central Counterparty, which are reported in Counterparty Credit Risk.

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VIII. Explanation Related to Credit Risk (continued)

Composition of collateral for CCR exposure

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair Value of Collateral Received		Fair Value of Posted Collateral		Fair Value of Collateral Received	Fair Value of Posted Collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Current Period						
Cash – domestic currency	-	5,200	-	-	-	-
Cash – other currencies	-	63,006	-	-	-	-
Domestic sovereign debt	-	42	-	-	-	-
Other sovereign debt	-	555	-	-	-	-
Government agency bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	-	68,803	-	-	-	-

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair Value of Collateral Received		Fair Value of Posted Collateral		Fair Value of Collateral Received	Fair Value of Posted Collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Prior Period						
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	-	17,328	-	-	-	-
Domestic sovereign debt	-	108	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	-	17,436	-	-	-	-

Credit Derivative Exposures

	Current Period		Prior Period	
	Protection bought	Protection sold	Protection bought	Protection sold
Nominal				
Single-name credit default swaps	-	-	132,367	-
Index credit default swaps	-	-	-	-
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Notional	-	-	132,367	-
Fair Values				
Positive fair value (asset)	-	-	463	-
Negative fair value (liability)	-	-	-	-

Exposures to Central Counterparties

None.

IX. Securitization Disclosures

Since the Bank does not hold securitization position, the notes to be presented according to the Communiqué on Disclosures about Risk Management to be announced to Public by Banks have not been presented.

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X. Explanations Related to Market Risk

	Risk Weighted Amount Current Period	Risk Weighted Amount Prior Period
Outright Products		
Interest Rate Risk (general and specific)	1,047,163	536,263
Equity Risk (general and specific)	-	-
Foreign Exchange Risk	140,961	126,487
Commodity Risk	9,888	-
Options		
Simplified Approach	-	-
Delta-plus Method	31,538	15,163
Scenario Approach	-	-
Securitization	-	-
Total	1,229,550	677,913

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented on a semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of market risk by the Bank as of 30 June 2018.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

1. a) Information on Cash and Balances with the Central Bank of the Republic of Turkey:

	Current Period	
	TL	FC
Cash in TL/Foreign Currency	373,260	787,971
Balances with the Central Bank of Turkey	1,012,850	11,113,234
Other	-	106,313
Total	1,386,110	12,007,518

	Prior Period	
	TL	FC
Cash in TL/Foreign Currency	376,414	543,135
Balances with the Central Bank of Turkey	1,053,062	8,925,260
Other	-	77,901
Total	1,429,476	9,546,296

b) Information related to the account of the Central Bank of the Republic of Turkey:

	Current Period	
	TL	FC
Unrestricted Demand Deposit	999,115	-
Unrestricted Time Deposit	-	1,646,093
Restricted Time Deposit	13,735	9,467,141
Total	1,012,850	11,113,234

	Prior Period	
	TL	FC
Unrestricted Demand Deposit	1,042,047	-
Unrestricted Time Deposit	-	1,384,996
Restricted Time Deposit	11,015	7,540,264
Total	1,053,062	8,925,260

Foreign currency unrestricted deposit amounting to TL1,646,093 (31 December 2017: TL1,384,996), foreign currency restricted deposit amounting to TL9,467,141 (31 December 2017: TL7,540,264), unrestricted deposit balance amounting to TL999,115 (31 December 2017: TL1,042,047) and restricted deposit amounting to TL13,735 (31 December 2017: TL11,015) comprises of reserve deposits. As of 30 June 2018, the Turkish lira required reserve ratios are determined to be within the range of 4%-10.50% depending on the maturity structure of deposits denominated in Turkish lira (31 December 2017: 4%-10.50%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 4%-24% (31 December 2017: 4%-24%).

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2017: None).

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None.

Net book value of unrestricted financial assets at fair value through profit and loss is TL883,679 (31 December 2017: TL460,960).

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I. Explanations and Disclosures Related to the Assets (continued)

3. Positive differences related to derivative financial assets held-for-trading:

	Current Period	
	TL	FC
Forward Transactions	519,503	24,072
Swap Transactions	1,642,729	97,498
Futures Transactions	-	-
Options	180,680	14,230
Other	-	-
Total	2,342,912	135,800

	Prior Period	
	TL	FC
Forward Transactions	194,605	31,793
Swap Transactions	628,312	34,839
Futures Transactions	-	33
Options	45,430	9,769
Other	-	463
Total	868,347	76,897

4. Information on banks:

a) Information on Banks:

	Current Period	
	TL	FC
Banks		
Domestic Banks	1,476,753	63
Foreign Banks	273,291	2,705,765
Foreign Head Offices and Branches	-	-
Total	1,750,044	2,705,828

	Prior Period	
	TL	FC
Banks		
Domestic Banks	561,238	491,816
Foreign Banks	108,050	1,352,233
Foreign Head Offices and Branches	-	-
Total	669,288	1,844,049

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on financial assets at fair value through other comprehensive income:

- a.1) Information on financial assets at fair value through other comprehensive income given as collateral / blocked:

	Current Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury Bill and Similar		
Investment Securities	205,959	-
Other	-	-
Total	205,959	-

- a.2) Information on financial assets available for sale given as collateral / blocked:

	Prior Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury Bill and Similar		
Investment Securities	1,459,329	-
Other	-	-
Total	1,459,329	-

- a.3) Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period	
	TL	FC
Government Bonds	82,774	-
Treasury Bills	-	-
Other Government Debt Securities	-	-
Bank Bonds and Bank Guaranteed		
Bonds	-	-
Asset Backed Securities	-	-
Other	-	-
Total	82,774	-

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL3,237,237.

- a.4) Information on financial assets available for sale subject to repurchase agreements:

	Prior Period	
	TL	FC
Government Bonds	109,188	-
Treasury Bills	-	-
Other Government Debt Securities	-	-
Bank Bonds and Bank Guaranteed		
Bonds	-	-
Asset Backed Securities	-	-
Other	-	-
Total	109,188	-

Net book value of debt securities and equity securities in unrestricted financial assets available for sale is TL3,126,947.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on financial assets at fair value through other comprehensive income: (continued)

b.1) Information on financial assets at fair value through other comprehensive income:

	Current Period
Debt securities	3,520,360
Quoted on a Stock Exchange	3,520,360
Not Quoted	-
Equity Securities	5,610
Quoted on a Stock Exchange	-
Not Quoted	5,610
Impairment Provision (-)	-
Total	3,525,970

b.2) Information on financial assets available for sale portfolio:

	Prior Period
Debt securities	4,638,170
Quoted on a Stock Exchange	4,638,170
Not Quoted	-
Equity Securities	57,294
Quoted on a Stock Exchange	-
Not Quoted	57,294
Impairment Provision (-)	-
Total	4,695,464

6. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period	
	Cash	Non-Cash
Direct Loans Granted to Shareholders	1	248,851
Corporate Shareholders	1	248,851
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	106,426	-
Total	106,427	248,851
	Prior Period	
	Cash	Non-Cash
Direct Loans Granted to Shareholders	100,051	301,623
Corporate Shareholders	100,051	301,623
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	101,302	-
Total	201,353	301,623

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans	Loans under Close Monitoring (*)		
		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Restructured Refinance
Non-specialized Loans	59,006,862	9,350,105	266,309	1,382,401
Working Capital Loans	5,474,411	2,009,627	23,598	378,853
Export Loans	7,640,483	376,636	1,005	63,511
Import Loans	-	-	-	-
Loans Given to Financial Sector	856,035	-	-	-
Consumer Loans	10,888,626	3,253,199	5,426	65,790
Credit Cards	3,195,807	579,203	42,640	-
Other	30,951,500	3,131,440	193,640	874,247
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	59,006,862	9,350,105	266,309	1,382,401

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	321,831	-
Significant increase in Credit Risk	-	669,507
Total	321,831	669,507

Number of Extensions	Standard Loans	Loans Under Close Monitoring
Extended by 1 or 2 Times	-	106,546
Extended by 3,4 or 5 Times	-	58,342
Extended by Over 5 Times	-	58,781
Total	-	223,669

Extension Periods	Standard Loans	Loans Under Close Monitoring
0-6 Months	-	46,900
6-12 Months	-	29,722
1-2 Years	-	61,135
2-5 Years	-	78,323
5 Years and Over	-	7,589
Total	-	223,669

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	367,513	13,333,925	13,701,438
Housing Loans	2,370	6,715,913	6,718,283
Vehicle Loans	6,335	465,347	471,682
General Purpose Loans	358,808	6,152,665	6,511,473
Other	-	-	-
Consumer Loans –Indexed to FC	-	6,650	6,650
Housing Loans	-	6,606	6,606
Vehicle Loans	-	-	-
General Purpose Loans	-	44	44
Other	-	-	-
Consumer Loans-FC (**)	35	38,619	38,654
Housing Loans	-	7,096	7,096
Vehicle Loans	-	7,836	7,836
General Purpose Loans	35	23,687	23,722
Other	-	-	-
Individual Credit Cards-TL	2,354,496	38,856	2,393,352
With Installments	792,360	38,856	831,216
Without Installments	1,562,136	-	1,562,136
Individual Credit Cards-FC	9,579	-	9,579
With Installments	-	-	-
Without Installments	9,579	-	9,579
Personnel Loans-TL	6,658	65,088	71,746
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	6,658	65,088	71,746
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	29,807	53	29,860
With Installments	11,225	53	11,278
Without Installments	18,582	-	18,582
Personnel Credit Cards-FC	259	-	259
With Installments	-	-	-
Without Installments	259	-	259
Overdraft Accounts-TL(Real Persons) (*)	393,080	-	393,080
Overdraft Accounts-FC(Real Persons)	1,473	-	1,473
Total	3,162,900	13,483,191	16,646,091

(*) Overdraft Accounts include personnel loans amounting to TL4,561.

(**) Loans granted via branches abroad.

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:
(continued)

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	261,181	12,789,825	13,051,006
Housing Loans	1,748	7,716,058	7,717,806
Vehicle Loans	6,577	452,642	459,219
General Purpose Loans	252,856	4,621,125	4,873,981
Other	-	-	-
Consumer Loans –Indexed to FC	-	10,321	10,321
Housing Loans	-	10,172	10,172
Vehicle Loans	-	-	-
General Purpose Loans	-	149	149
Other	-	-	-
Consumer Loans-FC (**)	55	36,398	36,453
Housing Loans	-	7,454	7,454
Vehicle Loans	-	8,039	8,039
General Purpose Loans	55	20,905	20,960
Other	-	-	-
Individual Credit Cards-TL	2,203,323	-	2,203,323
With Installments	790,380	-	790,380
Without Installments	1,412,943	-	1,412,943
Individual Credit Cards-FC	8,635	-	8,635
With Installments	-	-	-
Without Installments	8,635	-	8,635
Personnel Loans-TL	6,586	61,341	67,927
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	6,586	61,341	67,927
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	27,949	-	27,949
With Installments	10,118	-	10,118
Without Installments	17,831	-	17,831
Personnel Credit Cards-FC	208	-	208
With Installments	-	-	-
Without Installments	208	-	208
Overdraft Accounts-TL(Real Persons) (*)	380,585	-	380,585
Overdraft Accounts-FC(Real Persons)	3,344	-	3,344
Total	2,891,866	12,897,885	15,789,751

(*) Overdraft Accounts include personnel loans amounting to TL5,218.

(**) Loans granted via branches abroad.

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

d) Information on commercial loans with installments and corporate credit cards:

Current Period	Short Term	Medium and Long Term	Total
Commercial loans with installment – TL	676,619	13,255,156	13,931,775
Business Loans	324	314,503	314,827
Vehicle Loans	32,048	780,213	812,261
General Purpose Loans	644,247	12,160,440	12,804,687
Other	-	-	-
Commercial loans with installment - Indexed to FC	16,107	659,080	675,187
Business Loans	-	16,468	16,468
Vehicle Loans	890	211,772	212,662
General Purpose Loans	15,217	430,840	446,057
Other	-	-	-
Commercial loans with installment – FC	473	-	473
Business Loans	-	-	-
Vehicle Loans	16	-	16
General Purpose Loans	457	-	457
Other	-	-	-
Corporate Credit Cards-TL	1,381,960	-	1,381,960
With Installments	433,919	-	433,919
Without Installments	948,041	-	948,041
Corporate Credit Cards-FC	2,640	-	2,640
With Installments	-	-	-
Without Installments	2,640	-	2,640
Overdraft Accounts-TL(Legal Entities)	1,177,690	-	1,177,690
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	3,255,489	13,914,236	17,169,725

Prior Period	Short Term	Medium and Long Term	Total
Commercial loans with installment – TL	650,471	13,570,795	14,221,266
Business Loans	2,997	323,359	326,356
Vehicle Loans	25,434	758,020	783,454
General Purpose Loans	622,040	12,489,416	13,111,456
Other	-	-	-
Commercial loans with installment - Indexed to FC	16,092	710,279	726,371
Business Loans	-	19,697	19,697
Vehicle Loans	2,015	189,745	191,760
General Purpose Loans	14,077	500,837	514,914
Other	-	-	-
Commercial loans with installment – FC	112	-	112
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	112	-	112
Other	-	-	-
Corporate Credit Cards-TL	1,212,899	-	1,212,899
With Installments	380,553	-	380,553
Without Installments	832,346	-	832,346
Corporate Credit Cards-FC	2,237	-	2,237
With Installments	-	-	-
Without Installments	2,237	-	2,237
Overdraft Accounts-TL(Legal Entities)	1,147,148	-	1,147,148
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	3,028,959	14,281,074	17,310,033

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

e) Domestic and foreign loans:

	Current Period
Domestic Loans	69,163,199
Foreign Loans	842,478
Total	70,005,677
	Prior Period
Domestic Loans	61,768,545
Foreign Loans	818,418
Total	62,586,963

f) Loans granted to subsidiaries and associates:

	Current Period
Direct Loans Granted to Subsidiaries and Associates	14,373
Indirect Loans Granted to Subsidiaries and Associates	-
Total	14,373
	Prior Period
Direct Loans Granted to Subsidiaries and Associates	132,994
Indirect Loans Granted to Subsidiaries and Associates	-
Total	132,994

g.1) Specific or non-performing loan (Stage 3) provisions for loans:

	Current Period
Loans and Receivables with Limited Collectability	144,262
Loans and Receivables with Doubtful Collectability	194,135
Uncollectible Loans and Receivables	1,019,159
Total	1,357,556

g.2) Specific provisions provided against loans:

	Prior Period
Loans and Receivables with Limited Collectability	17,524
Loans and Receivables with Doubtful Collectability	67,574
Uncollectible Loans and Receivables	1,157,713
Total	1,242,811

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6. Information on loans: (continued)

h) Information on loans under follow-up (Net):

h.1) Information on loans and other receivables included in loans under follow-up which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and	Loans and	Uncollectible
	Receivables with	Receivables with	Loans and
	Limited	Doubtful	Loans and
	Collectability	Collectability	Receivables
Current Period			
Gross Amounts before Provisions	16,212	12,731	6,689
Restructured Loans	16,212	12,731	6,689
Prior Period			
(Gross amounts before Specific Provisions)			
Restructured Loans and Other Receivables	14,741	10,373	9,944
Rescheduled Loans and Other Receivables	14,741	10,373	9,944

h.2) The movement of loans under follow-up:

	III. Group	IV. Group	V. Group
	Loans and	Loans and	Uncollectible
	Receivables	Receivables with	Loans and
	with Limited	Doubtful	Loans and
	Collectability	Collectability	Receivables
Prior period end balance	116,275	164,821	1,665,529
Additions (+)	720,149	51,476	70,742
Transfers from other Categories of Loans under Follow-up (+)	-	386,365	161,295
Transfers to other Categories of Loans under Follow-up (-) (**)	387,581	162,097	-
Collections (-)	142,740	66,449	261,320
Write-Offs (-)	10	136	1,228
Sold Portfolio (-)(*)	-	-	222,841
Corporate and Commercial Loans	-	-	159,563
Retail Loans	-	-	30,987
Credit Cards	-	-	32,291
Other	-	-	-
Current period end balance	306,093	373,980	1,412,177
Provision (-)	144,262	194,135	1,019,159
Net Balances on Balance Sheet	161,831	179,845	393,018

(*) Past due receivables portfolio amounting to TL222,841 for which TL214,239 of provision had been allocated is sold for TL13,760 in 2018. After all sales procedures were completed, such past due receivables have been written off from the accounts.

(**) In compliance with the related communique, retail loans amounting to TL2,018 are classified from loans under follow-up to performing loans.

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

h) Information on loans under follow-up (Net): (continued)

h.3) Information on foreign currency loans under follow-up:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
30 June 2018			
Period End Balance	3,511	12,148	232,538
Provision (-)	1,550	3,205	213,802
Net Balance on Balance Sheet	1,961	8,943	18,736
31 December 2017			
Prior Period End Balance	1,036	843	258,691
Specific Provision (-)	52	158	216,481
Net Balance on Balance Sheet	984	685	42,210

h.4) Information regarding gross and net amounts of loans under follow-up with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	306,093	373,980	1,412,177
Provision (-)	144,262	194,135	1,019,159
Loans to Real Persons and Legal Entities (Net)	161,831	179,845	393,018
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	116,275	164,821	1,665,529
Specific Provision (-)	17,524	67,574	1,157,713
Loans to Real Persons and Legal Entities (Net)	98,751	97,247	507,816
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on loans: (continued)

h.5) Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans and their provisions:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period(Net)	4,693	5,018	1,752
Interest Accruals, Rediscounts and Valuation Differences	27,598	40,692	36,291
Provision Amount (-)	22,905	35,674	34,539
Prior Period (Net)	-	-	-
Interest Accruals, Rediscounts and Valuation Differences	-	-	-
Provision Amount (-)	-	-	-

7. Information on financial assets measured at amortized cost:

a) a.1) Information on financial assets measured at amortized cost and subject to repurchase agreements:
None (31 December 2017: None).

a.2) Information on financial assets measured at amortized cost and given as collateral / blocked:

	Current Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury bill and similar investment securities	1,483,959	-
Other	-	-
Total	1,483,959	-

Unrestricted financial assets measured at amortized cost are TL1,205,885.

a.3) Information on held-to-maturity investments given as collateral or blocked:

	Prior Period	
	TL	FC
Equity Securities	-	-
Bond, Treasury bill and similar investment securities	329,307	-
Other	-	-
Total	329,307	-

Unrestricted financial assets held-to maturity amounting to TL72,547.

a.4) Information government debt securities measured at amortized cost:

	Current Period
Government Bonds	2,689,844
Treasury Bills	-
Other Public Sector Debt Securities	-
Total	2,689,844

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I. Explanations and Disclosures Related to the Assets (continued)

7. Information on financial assets measured at amortized cost: (continued)

a.5) Information on held to maturity government debt securities:

	Prior Period
Government Bonds	401,854
Treasury Bills	-
Other Public Sector Debt Securities	-
Total	401,854

a.6) Information on financial assets measured at amortized cost:

	Current Period
Debt securities	2,689,844
Quoted on a Stock Exchange	2,689,844
Unquoted	-
Impairment Provision (-)	-
Total	2,689,844

a.7) Information on held to maturity investments:

	Prior Period
Debt securities	401,854
Quoted on a Stock Exchange	401,854
Unquoted	-
Impairment Provision (-)	-
Total	401,854

b.1) Movement of financial assets measured at amortized cost:

	Current Period
Beginning Balance	401,854
Foreign Currency Differences on Monetary Assets	-
Purchases During the Year (*)	2,329,875
Disposals Through Sales and Redemptions	(41,885)
Impairment Provision (-)	-
Closing Balance	2,689,844

(*) The Bank reassessed its business model in order to hold the financial assets to collect contractual cash flow the collection of contractual cash flows and sell the assets. Effective from the adoption date of TFRS 9, the Bank measures its marketable securities at amortized cost in accordance with its appropriate business model which aims to collect contractual cash flows, which is amounting to TL1,969,425 and previously classified as financial assets available-for-sale and measured at fair value.

b.2) Movement of held-to-maturity investments:

	Prior Period
Beginning Balance	361,508
Foreign Currency Differences on Monetary Assets	-
Purchases During the Year (*)	40,346
Disposals Through Sales and Redemptions	-
Impairment Provision (-)	-
Closing Balance	401,854

(*) Accruals are included in purchases during the year.

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I. Explanations and Disclosures Related to the Assets (continued)

8. Information on associates (Net):

- a.1) Information on unconsolidated associates according to Communiqué on Preparing Banks’ Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2017: None).
- a.2) Information on the unconsolidated associates: None (31 December 2017: None).
- a.3) Explanations of consolidated associates: None (31 December 2017: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2017: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2017: None).

9. Information on subsidiaries (Net):

- a) Information on shareholders’ equity of significant subsidiaries:

Subsidiaries do not use internal capital adequacy assessment approach.

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in Capital to be Entitled for Compensation after All Creditors	30,000	28,794	6,860
Reserves	45,870	44,224	6,534
Net income for the period and prior period income	28,633	27,348	4,011
Income/ Loss recognized under equity in accordance with TAS	-	-	(325)
Leasehold Improvements on Operational Leases (-)	399	175	-
Goodwill and intangible asset and the related deferred tax liability (-)	2,004	956	621
Total Common Equity Tier 1 Capital	102,100	99,235	16,459
General Provision	3,473	-	-
Total Equity	105,573	99,235	16,459

- b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non-consolidate and minimum capital requirement: None (31 December 2017: None).
- c) Information on the unconsolidated subsidiaries: None (31 December 2017: None).

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I. Explanations and Disclosures Related to the Assets (continued)

9. Information on subsidiaries (Net): (continued)

d) Information on the consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

	Address (City/ Country)	The Bank's share percentage- If different voting percentage (%)	Other shareholders' share percentage (%)	
1	TEB Faktoring A.Ş.	İstanbul/Turkey	100.00	-
2	TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	96.62	3.38
3	TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	25.60	29.14

Information on the consolidated subsidiaries with the order as presented in the table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
1	2,003,618	104,503	747	105,615	-	17,595	5,752	-
2	311,063	100,366	1,790	19,715	-	15,184	6,367	-
3	19,372	17,080	186	1,298	77	1,838	1,349	-

(*) These figures are shown per BRSA financial statements as of 30 June 2017.

d.2) Information on consolidated subsidiaries:

	Current Period
Balance at the beginning of the period	115,986
Movements during the period	-
Purchases	-
Bonus shares obtained	-
Share in current year income	-
Sales	-
Revaluation increase	-
Provision for impairment	-
Balance at the end of the period	115,986
Capital commitments	-
Share percentage at the end of the period (%)	-
	Prior Period
Balance at the beginning of the period	115,986
Movements during the period	-
Purchases	-
Bonus shares obtained	-
Share in current year income	-
Sales	-
Revaluation increase	-
Provision for impairment	-
Balance at the end of the period	115,986
Capital commitments	-
Share percentage at the end of the period (%)	-

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I. Explanations and Disclosures Related to the Assets (continued)

9. Information on subsidiaries (Net): (continued)

d.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

	Current Period
Banks	-
Insurance Companies	-
Factoring Companies/TEB Faktoring A.Ş.	43,417
Leasing Companies	-
Finance Companies	-
Other Financial Subsidiaries/TEB Yatırım Men. Değ. A.Ş.	70,511
TEB Portföy Yönetimi A.Ş.	2,058
Total	115,986
	Prior Period
Banks	-
Insurance Companies	-
Factoring Companies/TEB Faktoring A.Ş.	43,417
Leasing Companies	-
Finance Companies	-
Other Financial Subsidiaries/TEB Yatırım Men. Değ. A.Ş.	70,511
TEB Portföy Yönetimi A.Ş.	2,058
Total	115,986

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2017: None).

10. Explanations on entities under common control (joint ventures):

a) Information on entities under common control (joint ventures):

Entities under common control (joint ventures)	Share of the Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	32,588	33,986	7,939	72,222	(65,043)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated the Bank’s financial statements:

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş, it is presented as joint venture in financial statements however, it is carried by cost value since necessary requirements for consolidation is not met.

11. Information on financial lease receivables (Net): None (31 December 2017: None).

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I. Explanations and Disclosures Related to the Assets (continued)

12. Positive differences related to derivative financial assets for hedging purposes:

	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	563,396	403
Foreign Net Investment Hedge	-	-
Total	563,396	403

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

As of 30 June 2018, there is no valuation difference related to fair value hedge accounting.

According to cash flow hedges terminated by the Bank, accumulated valuation differences as of 30 June 2018 amounted TL10 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

	Prior Period	
	TL	FC
Fair Value Hedge	4,454	-
Cash Flow Hedge	81,486	1,335
Foreign Net Investment Hedge	-	-
Total	85,940	1,335

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

As of 31 December 2017, valuation difference in the related fair value hedge accounting balance is TL99.

According to cash flow hedges terminated by the Bank, accumulated valuation differences amounted as of 31 December 2017 TL18 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

13. Information on investment properties: None (31 December 2017: None).

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I. Explanations and Disclosures Related to the Assets (continued)

14. Information on assets held for sale and discontinued operations:

	Current Period
Beginning of Period Cost	90,677
Beginning of Period Accumulated Depreciation (-)	-
Net Book Value	90,677
Opening Balance	90,677
Acquired	71,432
Disposed(-)	35,287
Impairment (-)	818
Depreciation Value (-)	-
Period End Cost	126,004
Period End Accumulated Depreciation (-)	-
Closing Net Book Value	126,004

	Prior Period
Beginning of Period Cost	93,224
Beginning of Period Accumulated Depreciation (-)	1,970
Net Book Value	91,254
Opening Balance	91,254
Acquired	92,643
Disposed(-)	90,366
Impairment (-)	2,854
Depreciation Value (-)	-
Period End Cost	90,677
Period End Accumulated Depreciation (-)	-
Closing Net Book Value	90,677

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II. Explanations and Disclosures Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	2,319,922	-	5,582,046	13,619,057	993,526	151,689	27,684	-	22,693,924
Foreign Currency Deposits	5,155,038	-	5,452,277	13,441,207	220,643	106,449	125,768	-	24,501,382
Residents in Turkey	4,691,311	-	5,063,978	12,818,636	204,490	76,910	121,799	-	22,977,124
Residents Abroad	463,727	-	388,299	622,571	16,153	29,539	3,969	-	1,524,258
Public Sector Deposits	208,775	-	56	204,182	23,168	-	-	-	436,181
Commercial Deposits	4,108,625	-	1,578,192	4,290,623	1,066,688	370,876	233,311	-	11,648,315
Other Institutions Deposits	122,684	-	35,592	1,030,074	224,229	3,061,009	103,861	-	4,577,449
Precious Metals Deposits	378,099	-	33,836	341,363	28,765	81,471	-	-	863,534
Bank Deposits	217,807	-	853,837	-	-	-	-	-	1,071,644
Central Bank of Turkey	-	-	480,149	-	-	-	-	-	480,149
Domestic Banks	17	-	-	-	-	-	-	-	17
Foreign Banks	18,215	-	373,688	-	-	-	-	-	391,903
Special Financial Institutions	199,575	-	-	-	-	-	-	-	199,575
Other	-	-	-	-	-	-	-	-	-
Total	12,510,950	-	13,535,836	32,926,506	2,557,019	3,771,494	490,624	-	65,792,429

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	1,579,123	-	3,775,899	12,996,864	646,500	49,920	29,352	-	19,077,658
Foreign Currency Deposits	4,298,539	-	4,003,364	12,945,150	168,275	84,585	41,763	-	21,541,676
Residents in Turkey	3,876,678	-	3,818,280	12,246,138	151,534	58,737	38,835	-	20,190,202
Residents Abroad	421,861	-	185,084	699,012	16,741	25,848	2,928	-	1,351,474
Public Sector Deposits	112,270	-	3,924	128,946	1,242	49	-	-	246,431
Commercial Deposits	3,162,029	-	1,579,379	5,086,824	507,806	240,276	22,194	-	10,598,508
Other Institutions Deposits	93,802	-	44,572	471,719	1,107,120	1,312,767	110,594	-	3,140,574
Precious Metals Deposits	238,094	-	27,741	317,908	40,024	68,732	-	-	692,499
Bank Deposits	20,549	-	258,821	-	-	-	-	-	279,370
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	21	-	-	-	-	-	-	-	21
Foreign Banks	20,528	-	258,821	-	-	-	-	-	279,349
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	9,504,406	-	9,693,700	31,947,411	2,470,967	1,756,329	203,903	-	55,576,716

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II. Explanations and Disclosures Related to the Liabilities (continued)

b) Information on saving deposits under the guarantee of saving deposit insurance:

b.1) Saving deposits exceeding the limit of insurance:

i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the Guarantee of	Exceeding the Limit of
	Insurance (*)	Insurance (*)
	Current Period	Current Period
Saving Deposits	10,628,492	11,657,528
Foreign Currency Saving Deposits	2,758,307	9,949,755
Other Deposits in the Form of Saving Deposits	239,944	555,822
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-
Total	13,626,743	22,163,105

Saving Deposits	Under the Guarantee of	Exceeding the Limit of
	Insurance (*)	Insurance (*)
	Prior Period	Prior Period
Saving Deposits	9,035,849	9,611,048
Foreign Currency Saving Deposits	2,346,653	8,271,415
Other Deposits in the Form of Saving Deposits	166,787	492,284
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-
Total	11,549,289	18,374,747

(*) According to the BRSA's circular no 1584 dated on 23 February 2005, accruals are included in the saving deposit amounts.

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II. Explanations and Disclosures Related to the Liabilities (continued)

b) Information on saving deposits under the guarantee of saving deposit insurance: (continued)

b.1) Saving deposits exceeding the limit of insurance: (continued)

ii) Deposits of real persons not under the guarantee of saving deposit insurance:

	Current Period
Foreign Branches' Deposits and Other Accounts	572,614
Deposits of Controlling Shareholders and Their Close Families	1,188,618
Deposits of Chairman and Members of the Board of Directors and Their Close Families	57,598
Deposits Obtained Through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	-
	Prior Period
Foreign Branches' Deposits and Other Accounts	481,344
Deposits of Controlling Shareholders and Their Close Families	1,824,044
Deposits of Chairman and Members of the Board of Directors and Their Close Families	43,508
Deposits Obtained Through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 2004.	-
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	-

2. Information on derivative financial liabilities:

a) Negative differences related to derivative financial liabilities held-for-trading:

	Current Period	
	TL	FC
Forward Transactions	285,871	31,883
Swap Transactions	1,687,231	36,054
Futures Transactions	-	-
Options	185,506	7,812
Other	-	-
Total	2,158,608	75,749
	Prior Period	
	TL	FC
Forward Transactions	126,546	8,454
Swap Transactions	693,606	63,911
Futures Transactions	-	96
Options	54,655	10,017
Other	-	792
Total	874,807	83,270

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II. Explanations and Disclosures Related to the Liabilities (continued)

3. Information on funds borrowed and debt securities issued:

a) Information on banks and other financial institutions:

	Current Period	
	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-
From Domestic Banks and Institutions	206,946	619,954
From Foreign Banks, Institutions and Funds	-	13,903,196
Total	206,946	14,523,150

As of 30 June 2018, the Bank has borrowings from its related parties amounting to TL5,452,122.

	Prior Period	
	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-
From Domestic Banks and Institutions	176,925	506,810
From Foreign Banks, Institutions and Funds	-	12,083,277
Total	176,925	12,590,087

As of 31 December 2017, the Bank has borrowings from its related parties amounting to TL5,074,868.

b) Maturity analysis of borrowings:

	Current Period	
	TL	FC
Short-term	206,946	10,253,023
Medium and long-term	-	4,270,127
Total	206,946	14,523,150

	Prior Period	
	TL	FC
Short-term	176,925	8,755,730
Medium and long-term	-	3,834,357
Total	176,925	12,590,087

c) Information on debt securities issued:

	Current Period	
	TL	FC
Bank Bonds	1,957,288	26,710
Treasury Bills	-	-
Total	1,957,288	26,710

	Prior Period	
	TL	FC
Bank Bonds	1,289,688	-
Treasury Bills	-	-
Total	1,289,688	-

4. Other external funding payables which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total

Other external funding payables amounting to TL615,178 (31 December 2017: TL599,037) do not exceed 10% of the total balance sheet.

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II. Explanations and Disclosures Related to the Liabilities (continued)

5. Explanations on financial lease obligations (Net):

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Law.

- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None

- c) Explanation on financial lease payables: None (31 December 2017: None).

- d) Explanations regarding operational leases:

For the period ended 30 June 2018, operational lease expenses amounting to TL118,738 (30 June 2017: TL107,162) have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

- e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

6. Negative differences related to derivative financial liabilities for hedging purposes:

	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	32,546	2,020
Foreign Net Investment Hedge	-	-
Total	32,546	2,020

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset. As of 30 June 2018, there is no valuation difference related to fair value hedge accounting.

According to cash flow hedges by the Bank, as of 30 June 2018 accumulated valuation differences amounted TL10 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

	Prior Period	
	TL	FC
Fair Value Hedge	9,517	-
Cash Flow Hedge	433,500	314
Foreign Net Investment Hedge	-	-
Total	443,017	314

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset. As of 31 December 2017, total valuation difference in the related fair value hedge accounting balance is TL99.

According to cash flow hedges by the Bank, as of 31 December 2017 accumulated valuation differences amounted TL18 is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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II. Explanations and Disclosures Related to the Liabilities (continued)

7. Information on provisions:

a) Information on general provisions:

	Current Period
Provisions for First Group Loans and Receivables	-
Additional Provision for Loans and Receivables with Extended Maturities	-
Provisions for Second Group Loans and Receivables	-
Additional Provision for Loans and Receivables with Extended Maturities	-
Provisions for Non-Cash Loans	-
Other	-
Total	-

	Prior Period
Provisions for First Group Loans and Receivables	471,369
Additional Provision for Loans and Receivables with Extended Maturities	20,152
Provisions for Second Group Loans and Receivables	66,355
Additional Provision for Loans and Receivables with Extended Maturities	18,414
Provisions for Non-Cash Loans	30,767
Other	7,848
Total	576,339

b) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2017: TL6,239).

c) The specific provisions provided for unindemnified non-cash loans amount to TL28,755 (31 December 2017: TL48,741).

d) Liabilities on unused vacation, bonus and employee termination benefits:

As of 30 June 2018, TL27,374 (31 December 2017: TL13,333) unused vacation provision, TL128,692 (31 December 2017: TL118,236) employee termination benefit provision, TL95,500 (31 December 2017: TL123,071) bonus provision are presented under "Reserve for Employee Benefit" in financial statements.

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2017: None).

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period
Provision for Legal Cases	61,502
Provision for Non-Cash Loans	119,806
Provision for Promotions of Credit Cards and Banking Services	13,084
Other	40,512
Total	234,904

	Prior Period
Provision for Legal Cases	56,674
Provision for Unindemnified Non-Cash Loans	48,741
Provision for Promotions of Credit Cards and Banking Services	12,265
Other	67,114
Total	184,794

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II. Explanations and Disclosures Related to the Liabilities (continued)

8. Explanations on taxes payable:

a) Information on current tax liability:

	Current Period
Corporate Tax Payable	78,026
Taxation on Securities	73,276
Property Tax	2,401
Banking Insurance Transaction Tax (BITT)	55,046
Foreign Exchange Transaction Tax	49
Value Added Tax Payable	1,462
Other (*)	18,858
Total	229,118

(*) Others include income taxes deducted from wages amounting to TL16,532 and stamp taxes payable amounting to TL1,368.

	Prior Period
Corporate Tax Payable	73,989
Taxation on Securities	49,230
Property Tax	2,275
Banking Insurance Transaction Tax (BITT)	46,035
Foreign Exchange Transaction Tax	34
Value Added Tax Payable	6,356
Other (*)	18,550
Total	196,469

(*) Others include income taxes deducted from wages amounting to TL14,977 and stamp taxes payable amounting to TL1,239.

b) Information on premiums:

	Current Period
Social Security Premiums-Employee	26,290
Social Security Premiums-Employer	9,170
Bank Social Aid Pension Fund Premium-Employee	-
Bank Social Aid Pension Fund Premium-Employer	-
Pension Fund Membership Fees and Provisions-Employee	-
Pension Fund Membership Fees and Provisions-Employer	-
Unemployment Insurance-Employee	708
Unemployment Insurance-Employer	1,159
Other	-
Total	37,327

	Prior Period
Social Security Premiums-Employee	24,362
Social Security Premiums-Employer	7,581
Bank Social Aid Pension Fund Premium-Employee	-
Bank Social Aid Pension Fund Premium-Employer	-
Pension Fund Membership Fees and Provisions-Employee	-
Pension Fund Membership Fees and Provisions-Employer	-
Unemployment Insurance-Employee	584
Unemployment Insurance-Employer	948
Other	-
Total	33,475

c) Explanations on deferred tax liabilities, if any: Bank has no deferred tax liabilities as of 30 June 2018 (31 December 2017: None).

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II. Explanations and Disclosures Related to the Liabilities (continued)

9. Information on Shareholders’ Equity:

a) Presentation of Paid-in Capital:

	Current Period
Common Stock	2,204,390
Preferred Stock	-
	Prior Period
Common Stock	2,204,390
Preferred Stock	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

- c) Information on share capital increases, their sources and other information on increased capital shares in current period: None.
- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank’s income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank’s equity due to the uncertainty of these indicators:

The income diversified with various business line and related channels/products/sectors, supported with different projects result a sustainable and relatively non-volatile profitability. Besides, interest rate, currency rate and liquidity risk under control are testing with various simulation and these test prevents the risks of effect. The profitability of the Bank is followed up and estimated by the Bank’s Planning and Performance Management in short and long term. It is also reported to Asset-Liability Committee and other related organs. As result, current and future negative effect on equity is not occurred and expected.

- i. Information on preferred shares: None.
- ii. Information on marketable securities valuation differences:

	Current Period	
	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-
Valuation Difference	(120,263)	(7,584)
Foreign Exchange Difference	-	-
Total	(120,263)	(7,584)
	Prior Period	
	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-
Valuation Difference	(41,282)	9,733
Foreign Exchange Difference	-	-
Total	(41,282)	9,733

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III. Explanations and Disclosures Related to the Off-Balance Sheet Items

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period
Asset Purchase and Sale Commitments	6,742,240
Commitments for Credit Card Expenditure Limits	6,192,490
Loan Granting Commitments	4,769,944
Payment Commitments for Cheques	2,789,831
Tax and Fund Liabilities from Export Commitments	79,254
Commitments for Promotions Related with Credit Cards and Banking Activities	4,294
Other Irrevocable Commitments	466,773
Total	21,044,826

	Prior Period
Asset Purchase and Sale Commitments	7,314,209
Commitments for Credit Card Expenditure Limits	5,411,646
Loan Granting Commitments	4,631,069
Payment Commitments for Cheques	2,387,642
Tax and Fund Liabilities from Export Commitments	31,047
Commitments for Promotions Related with Credit Cards and Banking Activities	3,723
Other Irrevocable Commitments	198,938
Total	19,978,274

b) Possible losses and commitments related to off-balance sheet items:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

	Current Period
Letters of Credit	2,937,235
Bank Acceptances	34,701
Other Commitments	4,808,247
Other Contingencies	770,987
Total	8,551,170

	Prior Period
Letters of Credit	2,396,568
Bank Acceptances	42,316
Other Commitments	3,876,432
Other Contingencies	1,227,786
Total	7,543,102

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III. Explanations and Disclosures Related to the Off-Balance Sheet Items (continued)

1. Information on off-balance sheet liabilities:

b.2) Guarantees, surety ships, and similar transactions:

	Current Period
Guarantee Letters	9,673,183
Advance Guarantee Letters	1,448,546
Temporary Guarantee Letters	766,296
Guarantee Letters Given for Customs	499,222
Other Guarantee Letters	1,510,006
Total	13,897,253
	Prior Period
Guarantee Letters	9,092,727
Advance Guarantee Letters	1,224,234
Temporary Guarantee Letters	779,900
Guarantee Letters Given for Customs	478,659
Other Guarantee Letters	1,463,760
Total	13,039,280

c) Total amount of non-cash loans:

	Current Period
Non-cash Loans Given Against Achieving Cash Loans	1,510,006
With Maturity of One Year or Less Than One Year	144,576
With Maturity of More Than One Year	1,365,430
Other Non-Cash Loans	20,938,417
Total	22,448,423
	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	1,482,962
With Maturity of One Year or Less Than One Year	264,000
With Maturity of More Than One Year	1,218,962
Other Non-Cash Loans	19,099,420
Total	20,582,382

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IV. Explanations and Disclosures Related to the Statement of Income

1. Explanations on Interest Income

a) Information on interest income on loans:

	Current Period	
	TL	FC
Interest income on loans (*)		
Short term loans	1,763,905	111,781
Medium and long term loans	2,220,520	158,169
Interest on loans under follow-up	76,890	628
Premiums received from Resource Utilization Support Fund	-	-
Total	4,061,315	270,578

(*) Includes fees and commissions obtained from cash loans amounting to TL52,109.

	Prior Period	
	TL	FC
Interest income on loans (*)		
Short term loans	1,254,733	82,868
Medium and long term loans	1,883,424	122,457
Interest on loans under follow-up	22,883	-
Premiums received from Resource Utilization Support Fund	-	-
Total	3,161,040	205,325

(*) Includes fees and commissions obtained from cash loans amounting to TL60,329.

b) Information on interest income on banks:

	Current Period	
	TL	FC
The Central Bank of Turkey	-	5,918
Domestic banks	59,703	1,429
Foreign banks	5,159	9,001
Branches and head office abroad	-	-
Total	64,862	16,348

	Prior Period	
	TL	FC
The Central Bank of Turkey	-	4,351
Domestic banks	26,046	365
Foreign banks	2,627	1,922
Branches and head office abroad	-	-
Total	28,673	6,638

c) Information on interest income on marketable securities portfolio:

	Current Period	
	TL	FC
Financial Assets at Fair Value Through Profit or Loss	58,649	6,657
Financial Assets at Fair Value Through Other Comprehensive Income	186,234	2,450
Financial Assets Measured at Amortized Cost	165,477	-
Total	410,360	9,107

	Prior Period	
	TL	FC
Financial Assets Held for Trading	15,700	2,035
Financial Assets Valued at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	242,626	440
Held-to-Maturity Investments	31,541	-
Total	289,867	2,475

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

1. Explanations on Interest Income (continued)

d) Interest Income on Subsidiaries and Associates:

	Current Period
Interest received from Subsidiaries and Associates	233

	Prior Period
Interest received from Subsidiaries and Associates	271

2. Explanations on Interest Expense

a) Information on interest expense on funds borrowed (*):

	Current Period	
	TL	FC
Banks		
The Central Bank of Turkey	-	-
Domestic banks	5,911	5,768
Foreign banks	-	176,737
Branches and head office abroad	-	-
Other financial institutions	-	-
Total	5,911	182,505

(*). Includes fees and commission expenses of cash loans amounting to TL8,905.

	Prior Period	
	TL	FC
Banks		
The Central Bank of Turkey	-	-
Domestic banks	5,009	1,614
Foreign banks	-	141,027
Branches and head office abroad	-	-
Other financial institutions	-	8,690
Total	5,009	151,331

(*). Includes fees and commission expenses of cash loans amounting to TL5,292.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

2. Explanations on Interest Expense (continued)

b) Information on interest expense on associates and subsidiaries:

	Current Period
Interest expenses to associates and subsidiaries	1,151
	Prior Period
Interest expenses to associates and subsidiaries	696

c) Information on interest expenses on securities issued:

	Current Period	
	TL	FC
Interest Expense on securities issued	132,477	100
Total	132,477	100
	Prior Period	
	TL	FC
Interest Expense on securities issued	26,149	-
Total	26,149	-

d) Distribution of interest expenses on deposits based on maturity of deposits:

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Current Period								
TL								
Bank Deposits	-	5,934	-	-	-	-	-	5,934
Saving Deposits	9	293,961	943,693	45,854	6,760	1,648	-	1,291,925
Public Sector Deposits	-	1,145	13,152	881	-	-	-	15,178
Commercial Deposits	2	138,472	363,261	56,502	26,048	6,096	-	590,381
Other Deposits	-	2,425	44,263	22,481	157,250	9,801	-	236,220
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	11	441,937	1,364,369	125,718	190,058	17,545	-	2,139,638
FC								
Foreign Currency Deposits	5	32,388	211,942	3,038	1,108	1,283	-	249,764
Bank Deposits	-	7,694	-	-	-	-	-	7,694
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	185	3,703	338	960	-	-	5,186
Total	5	40,267	215,645	3,376	2,068	1,283	-	262,644
Grand Total	16	482,204	1,580,014	129,094	192,126	18,828	-	2,402,282
Prior Period								
TL								
Bank Deposits	-	7,654	-	-	-	-	-	7,654
Saving Deposits	-	165,509	599,600	34,598	1,605	1,259	-	802,571
Public Sector Deposits	-	621	3,495	921	2	-	-	5,039
Commercial Deposits	-	63,554	234,475	16,964	6,907	4	-	321,904
Other Deposits	-	1,435	61,508	83,959	44,702	1,552	-	193,156
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	238,773	899,078	136,442	53,216	2,815	-	1,330,324
FC								
Foreign Currency Deposits	-	30,170	176,698	2,422	1,094	653	-	211,037
Bank Deposits	-	2,327	-	-	-	-	-	2,327
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	198	2,092	216	759	-	-	3,265
Total	-	32,695	178,790	2,638	1,853	653	-	216,629
Grand Total	-	271,468	1,077,868	139,080	55,069	3,468	-	1,546,953

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

3. Information on trading gain / loss:

	Current Period
Gains	20,121,255
Gains on capital market operations	72,322
Gains on derivative financial instruments (*)	7,505,623
Foreign exchange gains (**)	12,543,310
Losses (-)	20,445,907
Losses on capital market operations	155,480
Losses on derivative financial instruments (*)	5,748,013
Foreign exchange losses (**)	14,542,414

(*) Foreign exchange net gain on hedging transactions is TL162,602.

(**) Foreign exchange net gain on derivative financial transactions are TL363,482.

	Prior Period
Gains	12,954,389
Gains on capital market operations	30,185
Gains on derivative financial instruments (*)	3,856,706
Foreign exchange gains (**)	9,067,498
Losses (-)	13,456,763
Losses on capital market operations	23,360
Losses on derivative financial instruments (*)	4,838,453
Foreign exchange losses (**)	8,594,950

(*) Foreign exchange net gain on hedging transactions is TL28,233.

(**) Foreign exchange net gain on derivative financial transactions are TL116,930.

4. Information on other operating income:

Other operating income of the Bank mainly consists of all transaction costs collected from clients and disposal of assets.

5. Provision expenses of banks for loans and other receivables:

a) Allowance for Expected Credit Losses:

	Current Period
Expected Credit Losses	382,687
12-Month Expected Credit Losses (Stage 1)	65,235
Significant Increase in Credit Risk (Stage 2)	14,561
Credit-Impaired (Stage 3)	302,891
Impairment Provisions for Financial Assets	-
Financial Assets at Fair Value Through Profit or Loss	-
Financial Assets at Fair Value Through Other Comprehensive Income	-
Impairment Provision Related to Investments in Associates, Subsidiaries and Joint Ventures	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	567
Total	383,254

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

5. Provision expenses of banks for loans and other receivables: (continued)

b) Provision expenses of banks for loans and other receivables:

	Prior Period
Specific provisions for loans and other receivables	148,065
III. Group Loans and Receivables	56,265
IV. Group Loans and Receivables	60,347
V. Group Loans and Receivables	31,453
General provision expenses	30,738
Provision expenses for possible losses	-
Marketable securities impairment losses	-
Financial assets at fair value through profit and loss	-
Financial assets available for sale	-
Impairment provision expense	-
Associates	-
Subsidiaries	-
Entities under common control (Joint Vent.)	-
Held to maturity investments	-
Other	1,967
Total	180,770

6. Information on other operating expenses:

	Current Period
Personnel expenses	621,468
Reserve for employee termination benefits	10,456
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	39,378
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	28,319
Impairment for investments accounted with equity method	-
Impairment expenses of assets to be disposed	818
Depreciation expenses of assets to be disposed	-
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	459,150
Operating lease expenses	118,738
Maintenance expenses	9,511
Advertisement expenses	39,214
Other expenses	291,687
Loss on sales of assets	754
Other (*)	109,616
Total	1,269,959

(*) Included in other TL40,274 is premiums paid to the Saving Deposit Insurance Fund, TL45,606 is other taxes and duties paid.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

6. Information on other operating expenses: (continued)

	Prior Period
Personnel expenses	574,400
Reserve for employee termination benefits	10,857
Bank social aid fund deficit provision	-
Impairment expenses of fixed assets	-
Depreciation expenses of fixed assets	43,391
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	21,996
Impairment for investments accounted with equity method	-
Impairment expenses of assets to be disposed	788
Depreciation expenses of assets to be disposed	972
Impairment expenses of assets held for sale and discontinued operations	-
Other operating expenses	425,147
Operating lease expenses	107,162
Maintenance expenses	9,100
Advertisement expenses	47,967
Other expenses	260,918
Loss on sales of assets	1,400
Other (*)	95,953
Total	1,174,904

(*) Included in other TL34,110 is premiums paid to the Saving Deposit Insurance Fund, TL50,014 is other taxes and duties paid.

7. Information on tax provision for continued and discontinued operations:

- a) As of 30 June 2018, the current tax charge is TL85,790 (30 June 2017: TL212,033). Deferred tax expense is TL115,317 (30 June 2017: TL56,256 deferred tax income) and there is no current and deferred tax income/expense from discontinued operations (30 June 2017: None).
- b) Deferred tax expense on temporary differences resulted from continued operations is TL115,317 (30 June 2017: TL56,256 deferred tax income).
- c) Tax reconciliation:

	Current Period
Profit before tax	924,311
Additions	28,249
Nonallowable expenses	28,249
Other	-
Deductions	(29,609)
Dividend income	(16,408)
Other	(13,201)
Taxable Profit/ (Loss)	922,951
Corporate tax rate	22%
Tax calculated	203,049
Previous year tax adjustment effect	(1,942)
Tax charge	201,107

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

7. Information on tax provision for continued and discontinued operations: (continued)

c) Tax reconciliation: (continued)

	Prior Period
Profit before tax	745,501
Additions	51,976
Nonallowable expenses	17,148
General Loan Loss Provision	30,568
Other	4,260
Deductions	(18,591)
Dividend income	(18,591)
Taxable Profit/ (Loss)	778,886
Corporate tax rate	20%
Tax calculated	155,777
Tax charge	155,777

8. The explanations on net income/loss for the period:

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (30 June 2017: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (30 June 2017: None).
- c) Profit/ loss attributable to minority interest: None (30 June 2017: None).

9. If the other items in the income statement exceed 10% of the income statement total accounts amounting to at least 20% of these items:

	Current Period
<u>Other fees and commissions received</u>	
Card Fee and Commissions	410,380
Insurance Commissions	78,401
Service Commissions	73,216
Intelligence Fee and Commissions	30,206
Settlement Expense Provision, Eft, Swift, Agency Commissions	19,259
Transfer Commissions	12,270
Fund Management Fees	12,040
Commissions and Fees Earned from Correspondent Banks	1,765
Other	130,879
Total	768,416
<u>Other fees and commissions paid</u>	
Credit Cards Commissions and Fees	183,309
Commission and Fees Paid to Correspondent Banks	13,781
Settlement Expense Provision, Eft, Swift, Agency Commissions	9,801
Other	44,345
Total	251,236

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

9. If the other items in the income statement exceed 10% of the income statement total accounts amounting to at least 20% of these items: (continued)

	Prior Period
<u>Other fees and commissions received</u>	
Card Fee and Commissions	309,829
Insurance Commissions	63,318
Service Commissions	61,503
Intelligence Fee and Commissions	34,891
Settlement Expense Provision, Eft, Swift, Agency Commissions	15,976
Fund Management Fees	10,127
Transfer Commissions	7,429
Commissions and Fees Earned from Correspondent Banks	1,734
Other	128,875
Total	633,682
<u>Other fees and commissions paid</u>	
Credit Cards Commissions and Fees	131,184
Settlement Expense Provision, Eft, Swift, Agency Commissions	8,283
Commissions and Fees Paid to Correspondent Banks	8,134
Other	41,058
Total	188,659

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V. Explanations and Disclosures Related to Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

Balance sheet items of previous periods are presented as of 31 December 2017 and income/expense items of previous periods are presented as of 30 June 2017.

a) Current Period:

Related Parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	132,994	1,089	167,506	301,623	275,065	134,644
Balance at End of Period	14,373	1,209	308,169	248,851	264,851	26,096
Interest and Commission Income	233	32	4,141	416	2,245	132

Direct and indirect shareholders of the Bank balance above includes TL308,168 and other entities included in the risk group balance above includes TL262,203 placement in “Banks”.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common Control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	79,163	942	240,153	188,104	104,280	124,716
Balance at end of Period	132,994	1,089	167,506	301,623	275,065	134,644
Interest and Commission Income	271	36	1,539	10	897	216

Direct and indirect shareholders of the Bank balance above includes TL67,455 and other entities included in the risk group balance above includes TL263,586 placement in “Banks”.

c) c.1) Information on related party deposits balances:

Related parties	Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current period	Prior period	Current Period	Prior Period
Deposits						
Balance at Beginning of Period	42,863	21,472	1,524,306	1,355,438	756,839	1,095,132
Balance at End of Period	65,448	42,863	1,780,884	1,524,306	1,188,188	756,839
Interest on Deposits	1,151	696	36,932	18,527	31,556	26,795

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of Period	-	78,862	35,229,756	25,275,220	655,880	247,304
End of Period	23,787	-	33,918,961	35,229,756	438,080	655,880
Total Profit/loss	913	13,087	256,294	(477,090)	(21,798)	3,734
Hedging Transactions purposes						
Beginning of Period	-	-	12,113,184	3,032,500	-	-
End of Period	-	-	15,234,040	12,113,184	-	-
Total Profit/Loss	-	-	387,868	(49,465)	-	-

d) As of 30 June 2018, the total amount of remuneration and benefits provided for the senior management of the Bank is TL21,411 (30 June 2017: TL15,878).

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VI. Explanations and Disclosures Related to Subsequent Events

- i) The Bank issued a bond on 5 July 2018, with a nominal value of TL307,904 maturity of 98 days with the ISIN code TRFTEBKE1831.
- ii) The bond with a nominal value of TL342,571 with a maturity of 119 days and the ISIN Code of TRFTEBK71816, issued by the Bank via the book building method at the dates of 5-6 March 2018, has been expired as of 5 July 2018 and redeemed.
- iii) The bond with a nominal value of TL4,650 with a maturity of 123 days and the ISIN Code of TR0TEBK00QJ6, issued by the Bank via the book building method at the dates of 7-8 March 2018, has been expired as of 9 July 2018 and redeemed.
- iv) The Bank issued a bond on 12 July 2018, with a nominal value of TL356,266 maturity of 98 days with the ISIN code TRFTEBKE1849.
- v) The bond with a nominal value of TL272,940 with a maturity of 119 days and the ISIN Code of TRFTEBK71824, issued by the Bank via the book building method at the dates of 12-13 March 2018, has been expired as of 12 July 2018 and redeemed.
- vi) The bond with a nominal value of EUR 5,000,000 with a maturity of 181 days and the ISIN Code of XS1755226625, which was issued in the framework of the foreign bond issue program of the Bank, has been expired as of 19 July 2018 and redeemed.
- i) The Bank issued a bond on 20 July 2018, with a nominal value of TL11,107 maturity of 122 days with the ISIN code TR0TEBK00W57.
- ii) On July 13, 2018 after Turkey's rating was downgraded, Fitch Ratings has downgraded the following notes of the Bank:
 - Long-Term Foreign Currency from "BBB- in Negative Watch" to "BB / Negative Outlook level";
 - Short- Term Foreign Currency from "F3 in Negative Watch " to "B" level;
 - Long Term Local Currency from "BBB- / Stable outlook" to "BB + / Negative Outlook" level;
 - Short Term Local Currency from "F3" to "B";
 - Financial Capacity Rating from "bb+" to "Negative Monitoring bb-" level;
 - Support Note "Negative Watch 2" to "3".

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SECTION SIX

INDEPENDENT AUDITOR’S REVIEW REPORT

I. Explanations on the Independent Auditor’s Review Report

The unconsolidated financial statements of the Bank were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor’s interim review report dated 1 August 2018 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by the Independent Auditors

None.

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SECTION SEVEN (*)

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim Period Reports Included Chairman Of The Board of Directors and Ceo’s of the Bank Assessments For The Interim Activities

A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities

Chairman of Board of Director’s Message

In its economic outlook report updated for the month of July the IMF noted that the global economic growth that got underway two years before had plateaued but had also taken on a more balanced appearance. As in its previous report, the IMF said it anticipated a global growth rate of 3.9% for this year and the next but also emphasized that a fondness for protectionist policies capable of inhibiting international trade posed heightened risks. Although economic growth was generally strong in developed countries, it did seem to be slowing down in the USA, Japan, and the UK. In the US economy, where recourse was being had to increased public expenditures combined with lower taxes, growth remained strong. While projecting a developed-country growth rate of 2.4% in 2018, the IMF refrained from making any change in its 2.2% 2019 projection for them. The IMF said it expected developing-country growth rates of 4.9% and 5.1% in 2018 and 2019 respectively but that there would be differences among such countries.

As they always do, global financial markets are keeping a close watch on US Federal Reserve Bank policies. Strong employment figures and an uptick in inflation indicate that the Fed’s interest rate hikes are on point and that the tightening is going to continue for the next two years. That implies a limited financial outlook for developing countries. However despite the Fed’s tightening of its monetary policy, global financial conditions are likely to remain moderate although there will be differences from country to country. Were the Fed to have recourse to more immediate monetary policy tightening however, that could cause many countries to experience financial pressure.

The most serious threat to global growth is acceleration in trade wars. According to IMF calculations, trade restrictions and the decline in real-sector confidence associated with them risked lowering global growth by as much as 0.5% by 2020. Another threat to growth is political uncertainty, which is exacerbated by such things as EU fiscal policies, refugee-related problems, and still-unresolved Brexit issues. Yet another risk for the global economic outlook is the high level of both public and private-sector indebtedness. The IMF recommends that countries beef up their fiscal policies, undertake structural reforms, and be rigorous in their monetary policy practices.

In the first quarter of 2018, the Turkish economy registered a 7.4% rate of growth that was fueled by domestic demand. While private consumption was up by 11%, there was also a remarkable 9.7% increase in investment. It is apparent that this strong growth lost momentum in the next quarter however but although domestic demand weakened, exports remained strong. Growth is also being supported by a vigorous tourism season. That said, a rapid decline in the manufacturing industry PMI index, a drop in domestic orders, and weakened real-sector confidence all point to a slowdown in GDP growth.

Turkey’s consumer price index increased by 11.9% year-on in 2017. Mounting costs driven by exchange rate movements and consistently high energy and food prices pushed the 12-month rise in the CPI to 15.4% in June. During the same twelve-month period, the rise in the producer price index was 23.7%. However much diminishing domestic demand is expected to rein it in, inflation is likely to remain in the double-digit range for some time owing to distortions in pricing behavior.

The rise in inflation is causing the Turkish Central Bank to adhere to tight-money policies. The average funding cost, which was a bit above 10% at the beginning of 2017, reached 12.75% by the end of the same year and in June 2018 it rose to 17.75%. With current expectations putting inflation at 11% and 9.5% in 12-month and 24-month time frames respectively, the Monetary Policy Committee is signaling in its announcements that the tight-money stance is going to continue.

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**A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities
(continued)**

Chairman of Board of Director’s Message (continued)

The current account deficit remains the most serious risk confronting Turkey. At USD 33.1 billion in 2016, the CAD rose to USD 47.4 billion in 2017 and by May 2018 it was up to USD 57.6 billion. The biggest single contributor to this deficit is the net USD 36 billion that Turkey pays for energy imports although the country’s imports of gold, whose net worth rose to USD 14.2 billion, was also a significant factor as well. A renormalization of growth is expected to constrain the CAD rise.

TEB for its part will continue to advance on the strong foundations which it possesses and which it improves year after year. Just as it has done in the course of its first 90 years, our bank will go on fulfilling its responsibilities to work, to produce, and to share the fruits of its efforts.

Yours respectfully,
Yavuz Canevi

(*) Amounts in section seven expressed in full Turkish Lira (“TL”) amount unless otherwise stated.

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**A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities
(continued)**

CEO’s Message

As of 30 June 2018, TEB’s total assets had increased by 17% since the beginning of the year and reached TL100.7 billion in value while net profit stood at TL723.2 million. Loans, the most important indicators of the support that TEB provides to the economy and its customers corresponded to 69% of total assets during the same period. Nearly half of the bank’s TL70 billion worth of lendings went to SMEs, the engines of Turkey’s national economy.

Giving importance to risk management and asset quality as it always does, TEB’s NPL loan ratio in the first half-year was on the order of 2.90%. During the same period, total deposits grew by 18% and reached TL65.8 billion. Continuing to maintain solid growth with a strong capital structure, TEB’s shareholders’ equity reached TL9.6 billion while the bank’s 15.10% capital adequacy ratio was well above the targeted 12% figure.

“TEB Practical Branch”, TEB’s innovative approach of combining the best aspects of “virtual” and “bricks-and-mortar” banking, are continuing to proliferate throughout the country. Every TEB Practical Branch is equipped with “Jet” and “Turbo” units that were developed by TEB’s R&D engineers working together with the bank’s IT and operations departments. As of end-June the number of these branches reached ten, of which eight are in İstanbul and two are in Denizli. The bank plans to bring this number to eighteen in the third quarter of this year with another eight that are to be opened in Bursa and İzmir. TEB Practical Branches make it possible to perform not only banking transactions that involve the handing over of material objects such as withdrawing and depositing cash and taking delivery of credit cards but also those that require an original signature such as a mortgage loan.

TEB has added “TEB FX”, a service that allows retail and corporate customers to carry out their FX investment transactions conveniently and quickly, to its CEPTETEB digital banking platform. Besides making it easy for users to manage their FX investments immediately and in real time, TEB FX also enables the bank’s customers to perform FX transactions at individually-customized conversion rates wherever and whenever they wish both online and by using their mobile devices.

Among the 23 implementing agencies taking part in the Scientific and Technological Research Council of Turkey (TÜBİTAK) Individual Young Enterprise (BiGG) program, TEB is the only bank that accepts program applications from entrepreneurs. TEB will be accepting such applications while also providing technical mentorship on complying with TÜBİTAK processes for another two years as the bank continues its ongoing efforts to nurture entrepreneurs capable of adding value to the Turkish economy.

When the BiGG program first got under way in 2015, TEB helped each of 15 entrepreneurs gain access to TL150 thousand worth of TÜBİTAK grants. In 2017, the bank accepted a total of 1,400 applications of this nature. During last year’s first BiGG round, 16 of the 30 business plans that TEB forwarded to TÜBİTAK under the program qualified for council-provided state support grants of TL150 thousand each; during the second round, 24 of 43 business plan submissions by TEB were also awarded such support. As a result of these efforts on its part, TEB ranked first among entrepreneur-supporting agencies in 2017 by facilitating access to a total of TL8,250,000 worth of grants.

TEB continues its ongoing activities in support of women in their efforts to overcome the difficulties that they encounter when doing business and to level the competitive playing field for them through specialized training provided under the auspices of TEB Women’s Academy. To date, TEB has reached out to female business owners through 26 sessions of TEB Women’s Academy that it hosted in twenty of Turkey’s provinces. In the second quarter of 2018 the bank met with female business owners in Isparta, Trabzon, Hatay, and Uşak.

TEB has also made a new addition to its lineup of services aimed at increasing the involvement of female entrepreneurs in technology-focused, value-adding business activities by working with İzmir branches of the Union of Chambers of Turkish Engineers and Architects (TMMOB) to provide female engineers with entrepreneurship training.

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**A. Chairman of Board of Directors and CEO’s of the Bank Assessments for The Interim Activities
(continued)**

CEO’s Message (continued)

TEB has been working without letup with the agricultural ministry to provide new banking products and services that make life easier for Turkey’s farmers ever since 2007. In line with this, TEB recently introduced “My Weather”, a service that gives farmers access to detailed meteorological information that can be customized according to the field locations and crops that they specify as well as notifications and suggestions about the best spraying times. As it does every year, TEB also organized special activities and campaigns for farmers to celebrate World Agriculture Day on May 14th. To mark this year’s event, TEB provided farmers with exclusive “My Weather” service deals all month long in May.

Distinguishing itself in the industry through its innovative banking products and services, TEB is frequently the recipient of international awards and recognitions. TEB has been awarded the “Turkey Domestic Cash Management Bank of the Year” accolade by Asian Banking & Finance, a magazine that focuses on Asia’s financial markets. In UK-based Awards Intelligence’s Best Business Awards program, TEB also received the “Best New Product/Service” award for its product that makes it easy to pay special consumption tax on motor vehicles by SMS.

Yours respectfully,

Ümit Leblebici

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B. Shareholding Structure

As of 30 June 2018;

Name of Shareholders	TL2,204,390,000.00 Paid in Capital	
	Share	Ratio
TEB Holding A.Ş.	1,212,414,500.002	55.0000%
BNPP Yatırımlar Holding A.Ş.	518,342,498.520	23.5141%
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879,148.835	21.2249%
BNP Paribas SA	5,253,352.000	0.2383%
Kocaeli Chamber of Commerce	500,500.643	0.0227%
Total	2,204,390,000.00	100.00%

C. Management And Corporate Governance Practices

The Chairman and the Members of Board of Directors

Name	Title
Yavuz Canevi	Chairman of the Board of Directors
Dr. Akın Akbaygil	Deputy Chairman of the Board of Directors
Jean Paul Sabet	Deputy Chairman of the Board of Directors
Ayşe Aşardağ	Member of the Board of Directors and Deputy Chairman of the Audit Committee
François Andre Jesualdo Benaroya	Member of the Board of Directors
Yvan L.A.M. De Cock	Member of the Board of Directors and Audit Committee
Sabri Davaz	Member of the Board of Directors and Audit Committee
Alain Georges Auguste Fonteneau	Member of the Board of Directors
Xavier Henri Jean Guilmineau	Member of the Board of Directors
Özden Odabaşı	Member of the Board of Directors
Jacques Roger Jean Marie Rinino	Member of the Board of Directors and Chairman of the Audit Committee
Ümit Leblebici	Executive Member and General Manager

Information on Participation of Board Members and Committee Members into Respective Meetings

As of 30 June 2018 the Board of Directors have accepted 98 resolutions and Audit Committee 25 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

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C. Management And Corporate Governance Practices (continued)

Executive Management

General Manager, Assistant General Managers and Their Responsibilities in the Bank

Name	Title
Ümit Leblebici	Executive Member and General Manager
Gökhan Mendi	Senior Assistant General Manager, Retail and Private Banking Group
Turgut Boz	Senior Assistant General Manager and Deputy General Manager, SME, Banking Group
Mustafa Aşkın Dolaştır	Assistant General Manager, Financial Control (Affairs) Group
Dr.Nilsen Altıntaş	Assistant General Manager, Human Resources Group
Gökhan Özdi	Assistant General Manager, Corporate Credits Group
Nuri Tuncalı	Assistant General Manager, SME Credits Group
Osman Durmuş	Assistant General Manager, Retail and Micro SME Credits Group
Melis Coşan Baban	Secretary of the Board of Directors, Head of Legal Affairs
Mehmet Ali Cer	Assistant General Manager, Information Technologies
Kubilay Güler	Assistant General Manager, Banking Operations and Support Services
Akil Özçay	Assistant General Manager, Fixed Income
Ömer Abidin Yenidoğan	Assistant General Manager, Corporate Investment Banking
Dr.Tuğrul Özbakan	Assistant General Manager, Treasury & ALM
Gülümser Özgün Henden	Assistant General Manager, Corporate Banking
Nimet Elif Akpınar	Chief Risk Officer
Hakan Tıraşın	Internal Audit Group
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

D. Significant Events and Transactions in the Current Period

Amendments to Main Contract in 1 January – 30 June 2018:

There have been no changes to the main contract during the period of 1 January – 30 June 2018.

Significant Events and Transactions in the Current Period:

TL222,841 of the Bank's non-performing loan portfolio for which TL214,239 of provision held were sold for TL13,760 in 2018. After completing all necessary procedures, sales fee has been collected and the related non-performing loans excluded from the records.

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D. Significant Events and Transactions in the Current Period (continued)

Summary of Financial Results:

(mln TL)	30 June 2018
(mln TL)	Unconsolidated Financial Statements
Total Assets	100,698
Measured at Amortized Cost	70,006
Non-performing Loans	2,092
12 Month Expected Credit Losses (Stage I)	(322)
Significant Increase in Credit Risk (Stage II)	(670)
Credit-Impaired Losses (Stage III)	(1,358)
Loans, Net	69,749
Deposits	65,792
Shareholder’s Equity	9,606
Net Income	723
	31 December 2017
	Unconsolidated Financial Statements
(mln TL)	
Total Assets	85,758
Loans	62,587
Loans Under Follow-up	1,947
Specific Provisions	(1,243)
Loans, Net	63,291
Deposits	55,577
Shareholder’s Equity	9,020
Net Income (Prior Period 30 June 2017)	590

Summary on Financial Ratios

	30 June 2018
	Unconsolidated Financial Statements
Loans / Total Assets	69.27%
Deposits / Total Assets	65.34%
Return on Equity	16.27%
NPL Ratio	2.90%
Capital Adequacy Ratio	15.10%
Coverage Ratio	64.88%
	31 December 2017
	Unconsolidated Financial Statements
Loans / Total Assets	73.80%
Deposits / Total Assets	64.81%
Return on Equity (Prior Period 30 June 2017)	15.36%
NPL Ratio	3.02%
Capital Adequacy Ratio	16.12%
Coverage Ratio	63.84%

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E. Credit Ratings Assigned By Rating Agencies and Information on Their Contents (*)

TEB maintained its position as one of the most highly rated banks in Turkey. As of the second quarter of 2018, TEB’s ratings were as follows:

Moody’s Investor Services:

Baseline Credit Assessment	ba3
Adjusted Baseline Credit Assessment	ba1
Long Term FC Bank Deposits	Ba3
Short Term FC Bank Deposits	NP
Long Term LC Bank Deposits	Ba2
Short Term LC Bank Deposits	NP
Outlook	Stable

Fitch Ratings:

Foreign Currency

Long-term	BBB-
Short-term	F3
Outlook	Stable

Turkish Lira

Long-term	BBB-
Short-term	F3
Outlook	Stable
National	AAA (tur)
Outlook	Stable
Individual Rating	bb+
Support Points	

(*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

F. Donations

The Bank has donated TL465,220 with 113 items to the several agencies and institutions during the period of 1 January 2018 - 30 June 2018.